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MANDATORY WORKFARE PROGRAM FOR ABLE-BODIED FOOD STAMP RECIPIENTS

HEARING

BEFORE THE

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY UNITED STATES SENATE

NINETY-EIGHTH CONGRESS

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MANDATORY WORKFARE PROGRAM FOR ABLE-BODIED FOOD STAMP RECIPIENTS

WEDNESDAY, MARCH 16, 1983

U.S. SENATE,
COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY,
Washington, D.C.

The committee met, pursuant to notice, at 10 a.m., in room 328-A, Russell Senate Office Building, Hon. Jesse Helms (chairman of the committee) presiding.

Present: Senators Helms, Hawkins, Wilson, and Huddleston.

STATEMENT OF HON. JESSE HELMS, A U.S. SENATOR FROM NORTH CAROLINA

The CHAIRMAN. The committee will come to order. I think it's clear that the vast majority of the American taxpayers have been expressing for a long time approval of the proposition that able-bodied citizens should be required to participate in some sort of community service work in order to receive welfare benefits. Most Americans consider this a fair proposition, and I agree with them.

For fiscal year 1984 the Reagan administration has, for the first time, proposed precisely such a system for the food stamp program. Such a work-for-benefit requirement is popularly known as workfare.

Simply stated, workfare requires able-bodied recipients to perform some purposeful community service in return for the benefits they receive from the taxpayers.

Congress made significant headway in this area in 1981 by providing that workfare for able-bodied recipients could be required at the State or local level in the aid to families with dependent children program, and in the food stamp program. However, workfare today is mandatory for the able-bodied recipients only at the discretion of these States or local governments.

And that is why the Reagan proposal is to establish a national policy which would require workfare for all able-bodied food stamp recipients.

Now, Senator Dole, in his capacity as chairman of the Finance Committee, and other members of that committee, will be considering the very same requirement for the AFDC program. Approximately 25 States already have implemented workfare for their AFDC recipients. Additionally, a number of States have workfare requirements as a condition for their local public assistance programs.

We have done a lot of checking into this matter, and I am persuaded that all parties concerned are highly favorable to the workfare concept. State and local governments receive the benefits of the public service performed, work that they otherwise perhaps could not afford without raising property taxes.

So the taxpayers receive the benefit of the community service, as well as the satisfaction that their tax dollars are being somewhat more prudently spent; that is, that the only able-bodied recipients on the rolls are those who are willing to do a little bit of work for the benefit. If they aren't, off the rolls they go. And that's a fair proposition.

Indeed, this is a point which Senator Hayakawa used to make with great conviction. Nothing would cause a greater resurgence of support among the general public for necessary welfare programs than to restore the work ethic to the programs.

Additionally, workfare provides the recipients with an increased sense of self-esteem, and it permits them to gain exposure to the workplace and the discipline provided by regular employment.

I would note that workfare could be a vital component of this country's economic recovery, because workfare provides a place for individuals to be introduced to various skills, to develop them, and to prepare these people for further employment. Indeed, this is the ultimate objective of workfare, to encourage welfare recipients to obtain regular employment, not simply to require public service work indefinitely.

Now, let me touch on this last point, the human side of workfare, which is a much-overlooked benefit. Workfare is popular, as I say, with both taxpayers and recipients because it restores dignity to the lives of countless recipients who truly would prefer to be working. Workfare thereby raises morale and makes people productive members of society, not a drain on the taxpaying public.

There are a number of witnesses here this morning who will be able, I think, to address this aspect of the workfare issue.

So workfare encourages, as I say, the work ethic, something which our country has failed to preserve in its public assistance programs in the past. It will encourage the work ethic by instilling work habits, causing these people to be accustomed to working.

The workfare participant builds a history of employment which is so important, especially to the chronically unemployed. Workfare can be critical in changing attitudes and in raising individual self-esteem which makes the participant more employable in the work force.

And oftentimes, after they have demonstrated responsibility, workfare recipients are hired for jobs, many times by the very agency for which they initially did community service work under the workfare program.

I am especially concerned that in the past many welfare professionals have relegated such citizens into almost perpetual public dependency. One author has written of such individuals as a permanent underclass, and that is sad.

Workfare's greatest long-term potential, in the judgment of this Senator, may lie in liberating such citizens who are presently trapped in what the author called the underclass of our society.

Now, obviously, from a practical budget management viewpoint, workfare saves the taxpayers money. The administration indicates that its mandatory workfare proposal in the food stamp program will save $90 million a year. Recipients are eliminated from the rolls either because they seek and find regular employment, which of course is the primary objective, or because they just don't want to comply with the work requirement.

I am going to ask our witnesses this morning to focus especially on two questions central to the workfare issue, the first being the effect of existing workfare requirements on both individual recipients and welfare rolls, where workfare has been used—food stamps, aid to families with dependent children, and in State or local general assistance programs. And the application of such a workfare requirement to able-bodied recipients—and this is my second point—the application specifically in the food stamp program. We want to know how that has worked.

We have witnesses representing a broad range of viewpoints with backgrounds in academic research and in actual workfare program operations.

We will have a statement from Senator Huddleston.

STATEMENT OF HON. WALTER D. HUDDLESTON, A U.S. SENATOR FROM KENTUCKY

Senator HUDDLESTON. Mr. Chairman, it is timely that we are holding this hearing to receive testimony on proposed changes to the food stamp program relating to a mandatory workfare program.

In its budget proposal for 1984, the administration requests several legislative changes to the food stamp program, including the establishment of mandatory workfare programs in each State.

Workfare proposals and proposals that would tighten the eligibility requirements of the food stamp program have been a concern of this committee in the past.

The Food Stamp Act of 1977 required that a workfare demonstration project, jointly administered by the Departments of Agriculture and Labor, be carried out to determine the feasibility of having certain food stamp participants perform work in exchange for benefits.

The Food Stamp Act amendments of 1980 extended the workfare demonstration project through September 1981 for the purpose of expanding the demonstration to more sites.

The Food Stamp and Commodity Distribution Amendments of 1981 make workfare a permanent program option. Final regulations were issued by the Department in 1982 allowing interested jurisdictions the option of conducting a workfare program.

Also in 1982, Congress passed legislation to provide up to 100 percent Federal reimbursement for eligible administrative expenses to jurisdictions operating a workfare program.

Under current law, any State or locality may participate in a food stamp workfare program. The final rules on optional workfare, effective in November 1982, provide for any political subdivision, in any State, to assign workfare-eligible recipients to public service work in return for the household's food stamp allotment.

Current provisions of law governing work requirements for food stamp recipients are stringent. The law is intended to insure that no able-bodied persons who are voluntarily unemployed are able to receive food stamps. A head of a household who voluntarily quits a job without good cause is ineligible for food stamp assistance for 90 days from the time of the voluntary quit. Food stamp applicants and recipients are required to fulfill whatever reasonable job search requirements may be prescribed by the Secretary or be declared ineligible for assistance.

I believe that we should continue to be watchful of the costs of the food stamp program. However, we should recognize that unless the current high level of unemployment decreases, food stamp progam costs will remain at relatively high levels.

Across this country there are millions of unemployed workers who would like nothing better than to have their jobs back. Many people turn to the food stamp program for assistance in feeding their family only reluctantly. I am convinced that, if they had any other alternative, these people would avail themselves of it. The vast majority of unemployed workers are unable to find work—the inability to find work does not represent an unusual circumstance today. Unfortunately, it is commonplace.

Mr. Chairman, I look forward to the testimony of today's witnesses.

The CHAIRMAN. I would like to first call on the Honorable John Bode, Deputy Assistant Secretary for Food and Consumer Services, to outline the administration's workfare proposals with regard to the food stamp program.

John was previously a professional staff member of this committee. We are glad to welcome you back.

STATEMENT OF HON. JOHN BODE, DEPUTY ASSISTANT SECRETARY FOR FOOD AND CONSUMER SERVICES, U.S. DEPARTMENT OF AGRICULTURE, ACCOMPANIED BY VIRGIL CONRAD, DEPUTY ADMINISTRATOR FOR FAMILY NUTRITION PROGRAMS, FOOD AND NUTRITION SERVICE, AND ABIGAIL NICHOLS, PROGRAM ANALYST, OFFICE OF ANALYSIS AND EVALUATION

Mr. BODE. Thank you, Senator. Senator, I have accompanying me today Virgil Conrad, who is Deputy Administrator for Family Nutrition Programs with the Food and Nutrition Service, and Abigail Nichols, a program analyst in our Office of Analysis and Evaluation.[1]

The CHAIRMAN. Delighted to have you.

Mr. BODE. It's a real honor for me to be back here today, sitting with you to talk about workfare.

The CHAIRMAN. We've been down this road a long way a long time, John.

Mr. BODE. It's been an honor to serve. We call the administration's proposal on workfare the community work experience program. That is what, while he was Governor, President Reagan called the project he started in California in 1972, and we have kept that name.

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[1] See p. 83 for the prepared statement of Mr. Bode.

There are different names for workfare; the concept is the same—and it's a good one. We feel the principal rationale for workfare is compelling. Workfare provides welfare recipients with beneficial work experience and encourages their transition to economic independence. It establishes an equitable system in which those who can work will work. Workfare also provides a contribution to the communities in which it is implemented. Finally, workfare, in particular our CWEP proposal, has significant Federal budgetary impact at a time when it is very important to restrain the size of our Federal deficit.

Thanks largely to your efforts, Senator, the proposal workfare, the state of workfare, is better now than it has been in the past. The Food Stamp Amendments of 1981 made workfare an ongoing program option, available to any State or local political jurisdiction. We think that was a step in the right direction.

Those amendments also provided that those persons who would be exempt from workfare would be persons who are aged or disabled, persons responsible for the care of a dependent child under 6, and persons needed in the home to care for an aged or disabled person.

Our Department issued final optional workfare program regulations on October 8, and those regulations included several key features that I want to bring to your attention.

We enlarged the proportion of the food stamp population subject to workfare.

We dropped the earned-income exclusion.

We gave communities the option of eliminating or reducing the 30-day-job-search period.

We increased the penalty for households that refused to complete their workfare obligation.

And we required that workfare participants be reimbursed for their workfare expenses.

Together, those changes in the regulations have helped to strengthen the workfare system designed as it now exists. To develop the changes in the workfare design, we have relied heavily upon the results garnered from our workfare demonstration projects. Those projects have been conducted in two phases. A report is now in on the first phase and I am sure we will be referring to it today. The second report on the second phase, which includes the 14 sites, will be submitted to you this fall.

The results from the demonstration projects have clearly shown that workfare is administratively feasible to operate, and it can be operated in a cost-effective manner that provides meaningful work experience for participants.

We found that the cost and benefits from the first set of demonstrations about equaled each other. But data from the second set of sites suggest that benefits can be increased as communities get past the initial cost of setting up the program.

Some other things we have learned from the projects had to do with workfare participants. During the course of the project those referred to workfare both performed many hours of public service work and also left the food stamp rolls faster than similar people in communities without workfare. We feel some decline in participation is a result of food stamp recipients gaining encouragement

about their own potential to secure unsubsidized employment, just as you referred to the human side of workfare, Senator.

As an example of this, I would like to bring to your attention an excerpt from a letter sent to the San Diego workfare staff from one of their former referrals. He said:

> Now that I have found a job, I just wanted to let you know that being on the workfare program was a very good thing for me. Being in an office situation again helped me to realize that I really enjoy that type of work. I had very little confidence in myself when I first came in there but finding that I could handle the work given to me and being able to practice typing there gave me the incentive to go and take the county tests.

Others had similar experiences, Senator, learning new skills and meeting potential employers. One young man, for instance, received training in repairing police car radios. He proved so skillful in his workfare position that he was quickly snapped up by a major radio and electronics corporation.

The other source of benefits from workfare are reductions in food stamp benefits. The reduction in food stamp benefits occurred for several reasons. To the extent that workfare encouraged participants to search for jobs and helped them gain skills, some people were able to get jobs faster than they otherwise would have.

Some savings also occurred because recipients refused to accept their workfare assignments and lost their benefits.

In summary, from the demonstration projects, we have learned that workfare increased access to jobs for participants, who made positive contributions to their communities through the work they did at their workfare site, workfare helped participants develop or practice job skills, and workfare is administratively feasible.

The administration is submitting to Congress a bill to amend the Food Stamp Act of 1977 which includes a provision to make the community work experience program mandatory for all persons required to comply with the food stamp program's work requirements. The administration's proposal would also establish greater conformity between the food stamp work requirements and those of the AFDC program.

There are commonsense reasons for supporting the administration's proposal for a mandatory community work experience program. As you pointed out, Senator, first, workfare provides a way that employable people can be self-supporting right now. Food stamp recipients would have a way to return something to the community for the support provided through the food stamp program. Workfare can also help these people find the paying jobs they would prefer by providing work experience, even opportunities to enhance their skills, and by conveying the positive message that work is important.

The workfare process serves to identify those otherwise able bodied and employable people who don't wish to work and provides them with a strong incentive to do so.

Finally, it is estimated that the proposal would save about $90 million in fiscal year 1984.

In summary, Senator, we believe that the community work experience program addresses human needs as well as economic needs, and is a change in the law that we need.

The CHAIRMAN. John, I thank you so much. Shall we hear from the other two?

Mr. BODE. Senator, I believe that it would be best if we just go right on to your questions, and they are going to help me a good deal in fully responding to the questions you have.

The CHAIRMAN. I remember my father giving advice to a young man in our town many, many years ago, who was about to quit a job, because he didn't like it, and then look for something else. My father said: "Son, it's always easier to get a job if you've got a job." And I was thinking of what he told that young man. It wasn't me—he wouldn't have let me quit a job.

But it gives them a certain self-discipline along with the self-esteem, and I just don't understand why anybody would oppose this. And I have not heard one taxpayer back home or anywhere else I have visited who doesn't think the concept is absolutely essential because, fairly or unfairly, right or wrong, there is a widespread public perception among the taxpayers that they are being ripped off. And that resentment has been growing for years and years, and it is white hot now. If you don't believe it, go over and look in my file of correspondence.

Last year, we had a curious letter—I wish I had had somebody pull it out—from two Governors—I think they were the joint chairmen or something like that of the National Governors Association, and they, among other things, rejected the idea of workfare. Now, why do you reckon they did that?

Mr. BODE. That's a side of the debate I am not ready to——

The CHAIRMAN. Have you heard arguments by responsible officials? What do they say is wrong with workfare?

Mr. BODE. Senator, I heard a good deal said about the cost effectiveness of workfare, detailed cost-benefit analyses are done, and there is great concern that the returns won't be great enough to justify the investment. The demonstration projects—although there may be those who blanch to hear me say this—but I think the demonstration projects have not demonstrated that workfare is going to make tremendous money at the local level, but the cost-benefit analysis only can measure part of what workfare, or our community work experience program, will accomplish.

I think those who oppose the concept fail to recognize the great importance on the human side that you pointed out in your opening statement.

The CHAIRMAN. Well, I don't want to be unduly unkind to people who say that—everybody is entitled to his own opinion—but it seems to me there is a certain amount of insensitivity to a position like that, because a person whose spirit is crushed is a crushed person, period. And if we are going to measure this whole concept on the basis of dollars and cents, then we are making a mistake, and have made a mistake thus far in so much of the welfare effort in this country.

Mr. BODE. Senator, Abigail reminded me of one concern that has been expressed at times, and that is that workfare will somehow displace people, that it will displace regular employment. That is not how the system works, and I am afraid that it is just another example of where the public debate has not always based itself on the facts.

The CHAIRMAN. Does the administration propose any changes in the existing categories of those who are subject to workfare?

Mr. BODE. Yes, Senator, I might add that Mr. Conrad's got the list——

The CHAIRMAN. Let's welcome Senator Wilson. John Bode of the USDA, and two of his associates.

Mr. CONRAD. Senator, we have proposed some changes in our work registration, which is the mechanism that establishes the eligibility to participate in our community work experience program. One expansion that we have included, that we think is very appropriate, is the 16- to 18-year-old who is a head of the household. This is quite common with our children who become adults quite quickly when they enter into husband-wife-father relationship, and we think that if a person has assumed that kind of a responsibility, then they need to begin to prepare their skills in the work field so that they can move into independence. That is one group that we have recommended that we expand.

We have also made provision for the State where there would be an option for—if child care is available—for children below the age of 6. That is an expansion in our program. Future recipients of unemployment compensation should be included.

And those that would have some earnings, but where their earnings would be less than 30 hours, where their employment is less than 30 hours per week or their wages doesn't equal the minimum of 30 hours—a person working part time, in other words—would be a new group that we would bring in. If they are only working 1 day a week, we think they still should be exposed to the community work experience program.

So I think those are the three groups that we have expanded in our legislation, and this is based upon studies out of our demonstration; we think they are very sound.

The CHAIRMAN. What do your computers say about the percentage of people on the food stamp rolls who would be subject to workfare?

Mr. BODE. We project about 20 percent of the food stamp households would be subject to the workfare proposal. Abigail has a good breakdown on what the descriptions are of those households, Senator.

Why don't you elaborate?

Ms. NICHOLS. There is one difference between the demonstration data and the proposal that will shift the kinds of people affected a little bit. In the demonstrations, you may remember, it was 67 percent male; the work registration population is about 58 percent male. The earnings exemption probably affects that.

The average age of the work registrant is about 33 years and the household size is 2.9. These households have few children under 6.

Our estimation of the current benefit received by households with work registrants is $135 in food stamps which would translate into an average workfare obligation of 40 hours a month, assuming $3.35 an hour minimum wage divided into the amount of the benefit.

Mr. CONRAD. Senator, I would like to add to that the 20 percent coming out of our work registration pool. As you are aware, there is a companion mandatory provision with the aid to families with

dependent children. Those families who are food stamp recipients would be required under that mandatory provision under the administration's proposal—so the 20 percent doesn't include food stamp recipients who receive aid to families with dependent children when we say 20 percent of the food stamp recipients; the other group is mandatory under the HHS provision, and would increase the total percent of food stamp households subject to workfare.

The CHAIRMAN. I was going to ask you precisely about that. So you say it's 20 percent?

Mr. CONRAD. Yes, 20 percent of all food stamp households would be subject to food stamp workfare. The other food stamp households would be subject to AFDC workfare.

The CHAIRMAN. I think the number of hours that you—average hours required under the proposed workfare—was what per month?

Ms. NICHOLS. Forty; it was thirty-two under the demonstrations, because we had smaller households, because of the earnings deduction.

The CHAIRMAN. Thirteen, fourteen hours a week.

Mr. CONRAD. Yes, under our proposal I think it will be about 40 hours per month, which is a rather small work obligation; it leaves plenty of opportunities to move into the job search activity which is the counterpart of our proposal. The two activities are very significant in that we will continue to provide financial resources to the States to enable them to provide job search activities, which is our ultimate goal, to link the individual to private employment.

The CHAIRMAN. Well, that's another misconception that I hear occasionally that we're going to bring these people in and make them work 40 hours a week for food stamps. "That ain't fair," the critics claim. Well, that has never been proposed, nobody is doing that sort of thing.

Incentive funding, do you want to address that?

Mr. BODE. Yes, Senator, our proposal would modify the incentive funding now in for optional workfare. An amendment from last year increased the incentive funding above 50 percent, but it was a rather complex proposal that required tracking of individuals after they had left the food stamp program. It was very complex. We found that additional funding is not really much of an incentive and would increase administrative burdens. We feel that just a straight 50–50 funding on administration is most appropriate.

The CHAIRMAN. Fifty percent Federal and fifty percent local?

Mr. BODE. Yes, sir, Federal and local.

The CHAIRMAN. You understand what we are talking about, Pete? I'm sure you do.

The anticipated cost to the Federal Government to implement workfare—maybe we ought to get that out on the record. How much would it cost?

Mr. BODE. It would be about $105 million, sir, Federal cost. We envision the net Federal savings to be about $90 million.

The CHAIRMAN. And yet even with that it will save $90 million?

Mr. BODE. Yes, sir.

The CHAIRMAN. What's the main obstacle to implementing the workfare program? We're talking about food stamps alone now.

Mr. BODE. There is a good deal of speculation about that. It's hard to say for sure; certainly it varies with different localities and in different States.

You know, we really think that the biggest obstacle is the fact that, as a cost-benefit analysis sort of decision at the State or local level, workfare is pretty much a breakeven, and so those localities are faced with a new project, something that is new for them to take on, and there is some work involved in that, it requires some hustle. And we think that inertia is the biggest obstacle to keep more projects from coming in at this point, because it is not a big pay-off for them; they are slow to take on the extra work to implement.

The CHAIRMAN. Now, I am assuming that my impression is correct—it may not be. Aren't there more States using the workfare concept with AFDC than with food stamps?

Mr. CONRAD. It's about 26, the last count that I was aware of, Senator, so, yes, there are more States providing AFDC. And I think part of the answer to the question is that it can get to be a matter of State economics. In the AFDC program, as you know, there are State funds involved in the basic grant that goes to the individual. So moving those people to a state of independence, they have a real economic commitment in that.

Second, the food stamp program, the States I've heard advance the argument, and I was a State welfare commissioner, so I have some experience with that—I think the States at times advance the argument of the economics, that after all this is a Federal program, it's Federal money, and for us to put up our 50 percent of State funds—they fail to see their responsibility as a partner in administering the program, which encompasses a responsibility to aid the individual to get to economic independence. So they have a difficulty of seeing past or to their responsibility when they approach this.

But experience has taught us that it would be a very valuable resource to the State government if they approach it properly. I am aware of States like Kentucky and others that have used work experience as a bridge to and a training ground for individuals to move into the first career opportunities in mental institutions and places like that.

So it has a positive effect. But I think part of the difficulty with the momentum is the correlation between the reductions in State cost when you talk about the food stamp program, which is a rather narrow view, I would say.

The CHAIRMAN. Well, I'm not sure it's clear in my mind why they don't resist AFDC workfare, but do resist food stamp workfare.

Mr. BODE. Sir, the States carry a significant part—they pay for a significant part of AFDC benefits, while in the food stamp program, of course, benefit dollars are exclusively Federal.

The CHAIRMAN. It's strictly money and inertia, as you say—OK. Senator Huddleston.

Senator HUDDLESTON. Thank you, Mr. Chairman.

It seems to me that a major question is the administrative difficulty. Are you proposing changes in the qualifications for those who are required to go on workfare? How are the States able to handle that? Will that increase the burden of administering the

food stamp program itself as totally separate from the workfare program?

Mr. BODE. One key point in our proposal, Senator, is that the States would be required to bring into welfare only 75 percent of the eligible population, so they have 25 percent of the population that will be excused of the food stamp population subject to work registration. So 25 percent of those people who are affected, generally speaking, subject to workfare, are excused, may be excused by the State, and that is how we expect to see the States get around many of those administrative problems.

Senator HUDDLESTON. That raises the possibility of discrimination, to some degree, that 25 percent.

Mr. BODE. As long as they follow a set procedure and are not arbitrary in making those decisions, no problems of that sort should develop, Senator.

Senator HUDDLESTON. Have you excused people who have small children at home?

Mr. BODE. Yes, sir, persons who are caring for children of age less than 3 are excused. We would propose that the State have the option on excusing persons who are caring for children between the ages of 3 and 6 where child care is available for those children.

Senator HUDDLESTON. Just 3 years old.

Mr. BODE. Well, sir, when child care is available, it is the only time that would come into play, and it is at State option.

Senator HUDDLESTON. You would force a mother to take her child to some child care agency so she could work on workfare?

Mr. BODE. We propose that the State have the option to do that, Senator, to require that a person caring for a mother in your example, caring for a child age 3 and older, would be required, yes, sir. I don't think it's an uncommon thing these days, Senator. My son is 7 weeks old, and his mother went back to work a couple of days ago. Now, that was her choice, and a different matter, I realize.

Senator HUDDLESTON. She has a lot of choices that a food stamp mother doesn't have.

Mr. BODE. Yes, sir. But my point is, Senator, there are a good many working mothers these days.

Senator HUDDLESTON. Well, there is no question about that, but it seems to me a little harsh that a mother with a child just over 3 years old has got to make some arrangement for that child, even if the facilities are available, so that she can go work.

What percent of food stamp households contain youngest children aged 3 to 5 years? How many of these households will be eligible for workfare?

Mr. BODE. About 12 percent of all food stamp households are households in which there is a child aged 3 to 5 years and no children younger than 3. However, only about 20 percent of these households will contain adults who will be eligible for workfare. The adults in other households will be exempt from work registration and therefore exempt from workfare because they are disabled, employed, subject to AFDC work requirements, et cetera. It is estimated that of all households eligible for workfare in any 1 month about 10 percent will have children aged 3 to 5. In half of these households there are two or more adults. Because different types of households remain in the program for different lengths of

time, it is estimated that in the course of a year, only about 2 percent of all households referred to workfare will be households consisting of single parents with children 3 to 5.

Senator HUDDLESTON. You mentioned, I believe, that many consider these to be economically a break-even situation. Was I correct in understanding you to say that?

Mr. BODE. In looking at the feasibility of workfare at the local level, it's pretty much a break-even. Abigail has done a good deal of the work on that. Would you disagree with that assessment?

Ms. NICHOLS. No, the local benefits are the work performed by the recipients; that's their primary gain. And the amount of work that was performed at the first set of demonstrations balanced local administrative costs. We think that with the new design the amount of work will increase and that might help that situation.

Senator HUDDLESTON. Essentially, then, the value of the program is just philosophical, that people that receive help from the Government ought to work for it, more than it is economical, is that correct?

Mr. BODE. Sir, the data from our first set of demonstration projects is a little different than what we are proposing be implemented. We feel that at the local level there will be stronger economic incentives for workfare because of the longer work hours that we expect to see.

Senator HUDDLESTON. Is it your expectation that this would reduce the number of individuals on the food stamp rolls?

Mr. BODE. Yes, sir, our demonstration projects have shown us that persons who are participating in workfare find other jobs more quickly than those who are not. We think this is due in part to the fact that they are developing job skills in workfare, and having an opportunity to demonstrate that they have those job skills.

Mr. CONRAD. I would like to add to that, Senator, that one other benefit in the demonstration programs that we have been running, at least, is that the women who participated in a demonstration workfare project were more likely to find jobs and thus secured more total wages than women who did not participate. In fact, in the first month they average $52 more in wages than individuals not participating; in the second month it increased to almost $66; and in the third month it begins to level out at $67. And, even more important, when you look at the total cost, the net economic value to the household—because, as you know, when a person gains employment they lose some of their food stamp benefits and they have to start paying taxes. But for these women head of households that was in our project, they had a net economic gain of almost $50 as a result.

If the project breaks even in cost from the standpoint of local government cost and Federal cost, even if we didn't save $90 million, there is strong evidence to indicate, at least for the women who participated, workfare enables them to gain access to jobs when they go into the work market.

And I think that is a very significant reason to have the workfare project.

Mr. BODE. Senator, I did fail to mention that I was referring to local cost feasibility, our Federal saving is projected to be about $90 million for the community work experience program.

Senator HUDDLESTON. Is that projection nationwide?

Mr. BODE. Yes, sir, nationwide with the 75 percent and all that we mentioned.

Senator HUDDLESTON. Where the pilots have been going on, what kind of problems have you encountered as far as the individual recipient is concerned? Have there been any?

Ms. NICHOLS. There were some complaints.

[The followings information was subsequently submitted by Ms. Nichols:]

Few participant complaints were brought to the attention of the National Workfare Advisory Panel, however, there apparently were several complaints made. Complaints regarding workfare were lodged by participants in several of the demonstration sites including Tazewell County, Virginia; Nashua County, New Hampshire; Rusk County, Wisconsin; and Springfield, Missouri. Some of the grievances were directed to the Food and Nutrition Service (FNS) and addressed by the FNS Workfare Advisory Panel, but others were addressed to Congressmen. The complaints cited the demeaning nature of some workfare jobs, the unfairness of requiring food stamp recipients to work because the political subdivision elected to participate in the demonstration and the compensation of skilled work at a rate less than the standard.

Legal services were involved with complaints made by participants in Tazewell, Nashua, Rusk, and Springfield. GAO also investigated the Tazewell complaints. Freedom of Information requests were received by FNS from Nashua and Tazewell, however, neither resulted in a law suit.

In addition to complaints directed to FNS and Congressmen, participants also made requests for fair hearings. This occurred in San Diego, California; Evansville, Indiana; and Berkeley, South Carolina. In most cases the participants had received sanctions when they failed to show up for their workfare interview. The participants stated that they had not received letters from the workfare office telling them to come in for the interview. In many of these cases the hearings was decided in the participant's favor

Mr. BODE. Would you want us to elaborate? Abigail has done a good deal of work with this, Senator.

Senator HUDDLESTON. Fine.

Ms. NICHOLS. One of the things that the Department did when we undertook these demonstrations was to set up a national advisory committee. The local sites were to have a grievance procedure, but there was to be a national followup on that.

Senator HUDDLESTON. And do you recall any of the recent complaints? You said there had been some recent ones.

Ms. NICHOLS. Well, I understand the Department has been receiving some issues; I can't really speak to that.

Mr. BODE. I think the only recent questions have to do with the legal authority for continuing those sites before the most recent amendments went into effect, Senator.

Senator HUDDLESTON. Well, I am more concerned about responses to and impacts of the programs than the authorities at this point.

Mr. BODE. It's not really an operational problem.

Ms. NICHOLS. We also interview participants—that is part of the demonstration. Of course, a few people did not like workfare. More people liked workfare.

Senator HUDDLESTON. You think more people liked it than didn't like it?

Ms. NICHOLS. As might be expected the reaction was mixed. Some prople liked workfare and some didn't. For example, 44 percent of the women and 32 percent of the men feel that their workfare job would help them get a job later.

Senator HUDDLESTON. Thank you, Mr. Chairman. I want to submit, though, some questions for the record relating to participation in the food stamp program by refugees and other aliens. I would submit these to you and have you check those out.

Mr. CONRAD. We would be glad to respond to them, Mr. Chairman.[1]

The CHAIRMAN. And I might say at this point that even members of the committee who are not present may wish to submit questions. Senator Wilson.

Senator WILSON. Thank you, Mr. Chairman. This program is one that I think has considerable merit, primarily in light of the response that was just made to Senator Huddleston's question about more participants actually indicating their approval and support for the program. That has been the experience, I think, in a number of places where participants have found that this really did enable them to make a transition to private-sector employment.

The questions that I have relate to how it has been coordinated with recipients who are also AFDC recipients. In my State, California, two-thirds of the people who participate in AFDC also receive food stamps, which is not very surprising. I think that relates to Senator Huddleston's question about child day care.

Now, as I understand this proposal, you are proposing to reduce the age of the child from 6 to 3?

Mr. BODE. Senator, we are proposing that the State have that option. I believe that option would give us consistency with AFDC on that point.

Senator WILSON. I expect you are right. That makes some sense, too. I raise that point simply because I think that it is consistent with AFDC and therefore would not produce a hardship to people who were recipients of food stamps.

Do I understand that you are now proposing to change the grace period before the workfare applicant must report to work?

Mr. BODE. The job search period, Virgil, will you explain that?

Mr. CONRAD. Currently, there is a provision under our optional program to have a 30-day job search prior to placement into workfare. And we are recommending that this be eliminated.

While I believe very much that it is important to refer an individual when they come into the welfare office to a job, as opposed to a Government subsidy, because that is what we want to do, we have found in the demonstrations that 30 days delay into the workfare is not overwhelmingly beneficial to us in finding jobs. Under the administration's proposal, job search would begin at application and continue in conjunction with workfare.

Senator WILSON. Mr. Chairman, I would wholeheartedly support the Department in that, because I think the experience of those States that have reduced it has been beneficial to the participants.

[1] See p. 21 for questions from Senator Huddleston and Mr. Bode's answers thereto.

In my county, I know, they have a 10-day grace period, which they think has been distinctly beneficial.

So I would be very supportive of that change.

You have really responded to another question I had, and that was the reaction of the recipients themselves. We have found that a number think they have benefited distinctly from it.

Do you have any data on the kind of jobs that they have gone to in the private sector?

Mr. BODE. Information about the jobs that participants take after workfare comes from interviews with participants and from conversations with project staff.

Interviews conducted by the evaluation contractor during the operation of the first set of demonstration projects indicate that before workfare referral the most frequently held occupation categories among all men interviewed and the three most frequently held jobs within each category were structural work—construction, carpentry, and related structural occupations—21 percent; miscellaneous—truck driving, package and materials handling, and occupations related to transportation—18 percent; and service occupations—chefs, food service, and porters and cleaners—13 percent.

Among women, the preworkfare occupation categories, and jobs within those categories, reported most frequently were service occupations—food service, domestic service and health service attendants—34 percents; clerical and sales occupations—cashiers, secretaries, and receptionists—27 percent; and benchwork occupations—factory work and fabrication of various products—11 percent.

There were few changes after the workfare experience. Most men in both the participant and comparison samples had jobs doing structural work both before and after work registration and referral to workfare. About 22 percent of the participant males and 33 percent of the comparison males worked in these occupations in both the pre- and post-work registration periods. The primary occupation category for both female groups is service jobs. About 37 percent of the female participants held service jobs before work registration compared to 46 percent after. Similar figures for the female comparison group indicate that 37 percent held service jobs before work registration and 32 percent held such jobs after work registration.

The average wage rate of males who were working in the third month after work registration was $4.87 an hour. The wage rate for working females was $3.74.

More detailed information on the jobs taken by workfare participants—those ever referred to workfare whether or not they worked at jobsites—and those working at jobsites will be available later this year when the evaluation contractor analyzes data from the second set of demonstrations.

Information from site staff tends to highlight successful job taking by persons who have actually worked at workfare jobsites. Jobsites have provided skills that people could use in paying jobs—electronic assembly—and provided experience to persons just completing training—electrician and welder—that helped them get paying jobs. In other cases, the workfare jobsite offered paid employment opportunities that the participants might not have other-

wise accessed—cook, clerical, custodial, nursing aid, laundry worker.

Sometimes, the workfare experiences simply gave people self-confidence to look for jobs. Although some of the persons taking jobs through these processes might have found work without workfare, workfare staff believe workfare plays an important role in helping people gain paid employment.

Mr. CONRAD. I don't believe we are prepared to respond to that this morning. We have examples, but we don't have a continuum of all of the, you know, jobs that were taken. We know, for instance, in your State many have moved into professional clerical jobs, many have moved into technical jobs in terms of the electronics field, and have moved into very meaningful jobs. We do know from the evaluation that there were few changes in the type of jobs offered after the workfare experience. Most men in both the participant and comparison samples had jobs doing structural work both before and after work registration and referral to workfare. About 22 percent of the participant males and 33 percent of the comparison males worked in these occupations in both the pre- and post-work registration periods. The primary occupation category for both female groups is service jobs. About 37 percent of the female participants held service jobs before work registration compared to 46 percent after. Similar figures for the female comparison group indicate that 37 percent held service jobs before work registration and 32 percent held such jobs after work registration.

The average wage rate of males who were working in the third month after work registration was $4.87 an hour. The wage rate for working females was $3.74.

I would like to take this opportunity to comment that community work experience programs, the real value to the individual is the type of work experience that they are exposed to. If they are designed properly and given real opportunities to increase and gain marketable skills, like it has been in San Diego County, it works out very well to not only the benefit of local government and our citizens who get the return on the work, but it very much benefits the individual.

So the type of jobs that the individuals are placed in is extremely important to the individual, moving them into employment. And we could provide for the record some more examples of the type of jobs that the individuals have moved into.

Senator WILSON. Mr. Chairman, I would be interested in that, and also be interested in how the kinds of jobs that the recipients have moved into relate to the kind of training programs they have been exposed to, because I think Mr. Conrad's point is right on the mark. And for it to be as beneficial as it can be really depends on the nature of the training that they are exposed to. And, as it happens, the market in my county is one that is looking for talented people for fabrication and assembly in the electronics industry. I would think, as your response indicated, that the other most likely area, particularly with young women, would be that of clerical work. And, again, I think there is a very strong market for that and it provides them with considerable upward mobility.

How many of the States have a systematic training program as part of their workfare for food stamps or workfare programs of any kind?

Mr. CONRAD. Currently we only have five optional projects operating right now, and in terms of systematic training the experience that they receive on the job is the primary vehicle for that. But there are some—and I think you will be hearing from some witnesses later today who have designed in some training component—I believe this is true in my native State of West Virginia, and there will be a witness on that you might want to raise that with that individual later today.

But the five programs that are basically operating under the optional program currently to my knowledge do not have major training components beyond that that is required to enable them to do the job that they are assigned in the workfare program.

Senator WILSON. Well, Mr. Chairman, I think that issue is so important that I really think we should not overdesign this, but certainly consider a generalized requirement that there be some correlation between the local private labor market, marketplace, and training that is involved. I would suggest that it should be a fairly easy thing to make a correlation between the kind of programs that are being set up by private industry councils and consortia in concert with—PIC councils under the CETA programs. What we don't want to do is have the benefits be purely philosophical, because they are likely to be less beneficial that way, than if people see themselves being trained for jobs and learning skills that will actually be relevant to the marketplace. That would give them an incentive, I would think, that they otherwise wouldn't have.

Mr. CONRAD. I would follow up on that comment to indicate that the training provisions or components of the current operated workfare programs is very much funded from the Department of Labor through the WIN program and programs that you have mentioned, and that is why I said I believe I would rather defer to some of the others who will be testifying today that can indicate how you can integrate the training things.

The CHAIRMAN. Lady and gentlemen, I thank you. We must move along, because we have four panels.

Mr. BODE. Senator, may I mention one fact that I failed to mention earlier with regard to a point that I believe Senator Huddleston as well as Senator Wilson was interested in.

Regarding those households with children between 3 and 5 years of age, we projected only about 5 percent of the households eligible for workfare in any one month would have children in that age category. So it is not as high a percentage or as great—only 5 percent of the affected households would have children in that age group. So it is a small problem or issue to deal with than some would imagine.

Thank you, sir.

[Questions submitted by Senator Helms to Mr. Bode and answers thereto:]

Question 1. Would you outline what categories of recipients you estimate would be required to participate in the mandatory workfare program, and what percentage of the total that various categories represent? In particular, what percentage would be men? Would you outline what percentage of households, by each household size,

that are estimated to contain an able-bodied male who would be subject to the work requirement? What percentage, by each household size, contain an able-bodied female? What percentage of households, by household size, do you estimate would have more than one male or female able-bodied recipient who could fulfill or share the work obligation?

Answer. The attached Table 1 presents information concerning households with members eligible to participate in the proposed Community Work Experience Program. The table contains information on the sex of CWEP-eligible household members, household sizes, and the presence of children. About 61 percent of all CWEP households contain employable males, and 71 percent contain employable females. We believe, however, that males will predominate in the program because of the larger proportion of work-registered heads that are male (58 percent in August 1981). About 30 percent of households with an employable adult contain both an employable male and an employable female.

Of households potentially eligible for CWEP, about 45 percent contain children aged 3–17. However in 64 percent of these households, there are two or more adults. Only 15 percent of all CWEP households contain a female adult with children and no other adult 18–59. Only 5 percent contain one female adult with children aged 3–5.

TABLE 1.—CHARACTERISTICS OF FOOD STAMP HOUSEHOLDS WITH MEMBERS ELIGIBLE FOR THE PROPOSED COMMUNITY WORK EXPERIENCE PROGRAM

Percent containing—	Household size				All households
	1	2	3	4 or more	
No children	37	13	2	2	55
Female adult	14	17	14	27	71
Male adult	20	12	8	21	61
Children, 3–17	0	6	13	27	45
Female with children 3–17, no other adult	0	5	5	5	15
Female with children 3–5, no other adult	0	1	2	1	5
2 or more adults with children, 3–17	0	0	7	22	29
All households	37	19	15	28	100

Question 2. What percentage of all food stamp households, including AFDC families would be subject to workfare? Exclusively, among AFDC families, what percentage do you estimate would be subject to workfare?

Answer. We estimate that 20 percent of all food stamp households would have members subject to food stamp workfare. Practically none of these would be AFDC recipients. This occurs because employable FS recipients who also receive AFDC benefits are registered for work with the AFDC Program and not subject to workfare administered by the Food Stamp Program.

However, as you know, the Administration is also proposing a mandatory community work experience program for the AFDC. Under the provisions of the Administration's proposed legislation, AFDC recipients eligible for community work experience could be required to work the number of hours obtained by dividing the combined AFDC and food stamp benefit by the minimum wage. All AFDC recipients do not receive food stamps. However, our data indicate that under the proposal as many as 20 percent of food households would be work eligible AFDC households potentially subject to the community work experience program. Their average combined grant is estimated to be about $475 in fiscal year 1984 ($325 in AFDC and $150 in food stamps). This would translate into community work experience program participation for 140 hours a month except for the 30 hour a week limitation of workfare participation (120 hours a month).

The percentage of all Food Stamp Program households subject to either FSP-CWEP or AFDC-CWEP may be as high as 40 percent.

Question 3. You indicated in your testimony that 75 percent of the eligible workfare population would be required to work while 25 percent could be excused. Would you elaborate on how this proposal would work? Why wouldn't there be 100 percent compliance?

Answer. The goal of our proposal is the thoroughgoing implementation of a community work experience program throughout the country. Because so many work programs previous to the food stamp workfare demonstration projects foundered due

to inadequate implementation, it was clear the performance standards would be a key element of a successful program. In setting the performance level at 75 percent, we do not mean to imply that 25 percent of participants will be arbitrarily excused from any reqirements. Rather because of our intention to declare eligible cases in error if household members are not actively affected by workfare (e.g., working at CWEP jobs or subject to sanction), it is important that our standards take into account the realities of the administration of a community work experience program. Our experience with the demonstrations indicates that it would be impossible to achieve 100 percent workfare implementation as we have defined it for purposes of measuring performance.

States will need the 25 percent leeway in order to cover situations such as:

Good cause exemptions for reasons such as temporary illness, language barriers, transportation problems, and infeasibility of operating CWEP in areas of the State where transportation and/or jobsites are not available.

The twenty-five percent will also allow some cushion for administrative error.

The Community Work Experience Program is a fairly complex process. Therefore, care was and should be taken in devising performance standards. Experience from the demonstrations suggests that this proposed standard is a workable one that asks the States to do no more nor no less than it is reasonable to expect from a well-run program.

Question 4. Considerable discussion has come about as a result of the question of requiring mothers with small children to participate in workfare. I believe you indicated that 5 percent of all households would have children between ages 3 and 5 and thus be required to participate in workfare unless adequate child care were unavailable. What percentage of households do you estimate have children under age 3? Do you know of any national figures on what percentage of women (either overall or excluding public assistance programs) work?

Answer. The 5 percent figure refers to the portion of all CWEP households which contain a single parent whose youngest child is aged 3 to 5. A larger number of CWEP households contain children between the ages of 3 and 5 but there is more than one adult in those households. We estimate that about 20 percent of households who contain adults aged 18–59 who are not work exempt for reasons other than child care contain children younger than three. Many of these households will also include two or more adults.

Many women, including mothers, are working these days. As of May 1982, 48 percent of all women with children were working at least part-time. Thirty-seven percent of those with children under six years of age were working. Forty-five percent of those with youngest child aged 3 to 5 were working; 31 percent of those with children under 3 worked.

Question 5. Would you outline the findings of the demonstration that you believe indicate that persons who are participating in workfare find other jobs more quickly than those who are not.

Answer. Findings from the first set of seven demonstrations indicate that females subject to workfare increased their earnings more than they would have otherwise, but males did not. During the first three months after referral to workfare males and females in both the demonstration and comparison groups increased their earnings. However, female participants had higher earnings than the comparison group by $186.37 over the three month period. It appears that the increase in average total earnings for females is not due to changes in wages or in the number of hours worked per person, but rather to increases in the proportion of participants who found jobs.

The hypothesis that earnings would increase under workfare was not supported for men. At the end of three months, males subject to workfare had earned a total of $151.86 less than would have been expected. We do not yet have a good explanation for this anomalous result for men. Findings from the second set of demonstrations may clarify whether the first year findings may have been caused by unobserved differences in labor market opportunities rather than by workfare. While we can understand that if food stamp recipients were already doing all they could do to find jobs or if few jobs were available earnings might not increase under workfare, it is not expected that earnings would actually decrease under workfare.

Question 6. Considerable opposition to establishing workfare in the food stamp program seems to be based on the perception that to do so would not be cost effective. You indicated in your statement that you believed the workfare evaluations to indicate the program to be cost effective. Would you elaborate on what evidence you believe supports your statement that workfare is a cost effective concept for the food stamp program?

Answer. A cost-benefit analysis for the first set of Food Stamp Workfare Demonstration Projects is presented in the June 1982 third Interim Report to Congress on the Food Stamp Workfare Demonstration Projects. A somewhat different analysis was developed to support the President's fiscal year 1984 budget requests. It modified findings from the first set of demonstrations to take into account program changes such as benefit changes, immediate eligibility for CWEP placement and increased penalties for noncompliance that are expected to increase CWEP benefits. Moreover, since current budget proposals are concerned primarily with program budgets, effects on Federal tax revenues are not included in the President's budget analysis. Although increased tax revenues due to increased employment helped make the demonstrations cost effective, their inclusion was not necessary to make a CWEP cost-effective budget proposal. Benefits will be higher than observed under the demonstrations because of program changes and because of the annual accounting period. Costs do not increase because costs were counted for a longer period (16 months) than were most benefits in the demonstration analysis. Table 2 shows information from the per person cost-benefit analysis from the Interim Report and the components of our estimations for the President's budget.

TABLE 2.—WORKFARE I RESULTS AND THE PRESIDENT'S FISCAL YEAR 1984 COMMUNITY WORK EXPERIENCE PROGRAM PROPOSAL PER PERSON REFERRED TO WORKFARE

Savings	Workfare I			Fiscal year 1984 CWEP proposal		
	Federal	State	Total	Federal	State	Total
Decreased FS benefits first 3 months	$14.17	.....	$14.17	.....	.....	.....
Decreased FS benefits due to sanctions months 4 to 16	5.80	.....	5.80	.....	.....	.....
Food stamp benefit reductions due to turnover, first 12 months	.....	.....	.....	$30	.....	$30
Food stamp benefit reductions due to sanctions, first 12 months	.....	.....	.....	13	.....	13
Savings on administrative costs, first 3 months	.70	$0.70	1.40	.....	.....	.....
Savings on administrative costs, first 12 months	.....	.....	.....	2	$2	4
Value of in-program work	.....	21.19	21.19	.....	30	30
Total	20.67	22.89	42.56	45	32	77
Administrative costs per person referred	25.42	25.42	50.84	25	25	50
Net gain/cost not including positive effect on tax revenues	(4.75)	(2.53)	(8.28)	20	7	27

Question 7. One witness testified that he believed workfare caused a "stigmatizing effect" and the "employment prospects may in fact be diminished" for workfare participants. Yet you testified that persons who participated in workfare find jobs more quickly than recipients who are not. Would you outline the findings of the demonstration project in this regard and comment on the charge of a "stigmatizing effect"?

Answer. Data from the survey of participants that was conducted in conjunction with the first set of demonstration projects does not indicate they were stigmatized by workfare. Seventy-seven percent of all persons referred to workfare believe that able-bodied people receiving food stamps should have to work in exchange for the food stamps they receive. Thirty-five percent of those who worked at workfare jobsites thought workfare would help them get a job later (primarily by building skills or providing contacts with potential employers). And, as you noted, those referred to workfare, particularly women, were more likely to get jobs than the comparison group. Of course some participants may still have felt stigmatized, and some participants who worked at jobsites did not feel workfare would help them get a job later. However, if the reason was stigmatization, there were too few such answers to be categorized by our independent survey firm. A few persons said they dropped out of food stamps because of workfare but again that doesn't mean they felt stigmatized.

So, in all of our experience, there is no basis for the concern about a diminution in employment prospects because of workfare. The evidence supports the opposite conclusion. Neither does the data support a "stigmatizing effect" conclusion. In addition to the strong agreement with the workfare concept among participants, the

anecdotal evidence we have seen resounds with participant pride in the work they are doing.

Question 8. In the demonstration projects, did you do any surveys to assess what the attitude of recipients was to the requirement that they perform work in exchange for their benefits?

Answer. Yes, and the attitudes were generally positive. Seventy-seven percent of all recipients surveyed believed that able-bodied people should have to work in exchange for food stamps although fewer said they would work at a workfare job even if they didn't have to.

Question 9. What information do you have on the types of jobs that recipients went into after their workfare experience? What percent of recipients earned enough income in employment after workfare to put them above food stamp eligibility?

Answer. Information about the jobs that participants take after workfare comes from interviews with participants and from conversations with project staff.

Interviews conducted by the evaluation contractor during the operation of the first set of demonstration projects indicate that before workfare referral the most frequently held occupation categories among all men interviewed (and the 3 most frequently held jobs within each category) were structural work (construction, carpentry, and related structural occupations)—21 percent; miscellaneous (truck driving, package and materials handling, and occupations related to transportation)—18 percent; and service occupations (chefs, food service, and porters and cleaners)—13 percent.

Among women, the pre-workfare occupation categories (and jobs within those categories) reported most frequently were service occupations (food service, domestic service and health service attendants)—34 percent; clerical and sales occupations (cashiers, secretaries, and receptionists)—27 percent; and bench work occupations (factory work and fabrication of various products)—11 percent.

There were few changes after the workfare experience. Most men in both the participant and comparison samples had jobs doing structural work both before and after work registration and referral to workfare. About 22 percent of the participant males and 33 percent of the comparison males worked in these occupations in both the pre- and post-work registration periods. The primary occupation category for both female groups is service jobs. About 37 percent of the female participants held service jobs before work registration compared to 46 percent after. Similar figures for the female comparison group indicate that 37 percent held service jobs before work registration and 32 percent held such jobs after work registration.

The average wage rate of males who were working in the third month after work registration was $4.87 an hour. The wage rate for working females was $3.74.

More detailed information on the jobs taken by workfare participants (those ever referred to workfare whether or not they worked at jobsites) and those working at jobsites will be available later this year when the evaluation contractor analyzes data from the second set of demonstrations. Similarly, we know that participants earned more and received fewer food stamps, but do not yet have specific analyses that link earnings to losing eligibility for food stamps.

Question 10. Do you have any information on the number of States that are currently operating workfare for parts or all of their AFDC populations? Do you have any information on the number of States with a public assistance program that also require workfare?

Answer. The Department of Health and Human Services has reported that as of March 31, 1983, twenty-three States had Community Work Experience Programs for AFDC recipients operating in at least one county in the State. Authoritative information on general assistance workfare is not available. One recent survey reported that 19 States have workfare for a least some general assistance recipients.

[Questions submitted by Senator Huddleston to Mr. Bode and answers thereto:]

Question 1. The U.S. Coordinator for Refugee Affairs has stated that refugee participation in the Food Stamp, School Lunch/Breakfast and Women, Infants and Children programs will cost over $200 million in fiscal year 1983. However, the Coordinator also says that this is an estimate and there is no way of knowing what the exact cost is.

Please supply the Committee with the Department's estimated cost of refugee participation in these three programs for fiscal years 1980, 1981, 1982 and 1983. If estimates are used, also supply the possible range of estimates from high to low.

Please supply the Committee with the projected cost of refugee participation for fiscal years 1984, 1985 and 1986, assuming there are no substantial reductions in admission levels over 1983.

Also supply the method used in making these estimates.

Question 2. Please supply the Committee with the number of refugees you estimate will participate either directly or indirectly in the above mentioned programs, providing high and low figures for fiscal years 1983 and 1984.

Answer 1 and 2. The Department does not collect information in enough detail to estimate the cost of refugee participation in Federal nutrition programs.

We do have some limited information about the participation of aliens in the Food Stamp Program. It should be noted, however, that there are several categories of aliens eligible for food stamp benefits, of which refugees are a relatively small group. Just 4 percent of all aliens reporting under the Alien Address Program in 1980, for example, were refugees. The proportion of refugees in food stamp households with alien members may be substantially higher because they are more likely to be poorer, but we have no information about how much higher it might be.

The most recent survey of food stamp households (August 1981) indicated that about 4.8 percent of all food stamp households had at least one alien member. These households received about 4.7 percent of the total benefits issued. For the yearly estimates shown below, we have assumed that at least 4 percent and at most 100 percent of the aliens in households with aliens are refugees:

Fiscal year	Number of households in thousands		Food stamp benefits in millions of dollars	
	Low	High	Low	High
1980	15	375	16	408
1981	16	393	20	500
1982	15	386	19	980
1983	16	390	21	528
1984	15	383	21	513
1985	15	367	21	519
1986	14	352	21	529

Note.—Based on average participation and cost in each year under current services.
Because the margin of error is so large, the Department makes no claims about the reliability of these estimates.

Question 3. Refugees are resettled in this country through the use of sponsors. Under current law, are these sponsors responsible for reimbursing the cost of refugee participation in the Food Stamp, School Lunch/Breakfast and Women, Infants and Children Programs?

Answer. Current food stamp law mandates that a portion of the income and resources of any person who executes an affidavit of support or similar agreement with respect to a sponsored alien, are to be considered the income and resources of the alien for a period of three years after his/her entry into the United States. A portion of the income and resources of the sponsor's spouse is also considered as available to the alien if the spouse lives with the sponsor. The alien's personal resources are also considered in these computations. Sponsors, therefore, while not responsible for reimbursing the cost of a sponsored alien's participation in the Food Stamp Program, are responsible for direct financial assistance to the alien. Our Act and regulations take this assistance into consideration in determining the alien's program eligibility and benefit level.

The School Lunch/Breakfast and Women, Infants and Children Programs are not currently mandated to consider sponsored aliens for program participation in the manner required under food stamp legislation.

Question 4. Hearings on the refugee resettlement program last year revealed that many refugees, particularly those from Indochina, go onto public assistance soon after arriving and remain on public assistance for long periods after arrival.

Please provide the Committee with an estimate of the length of participation in the above mentioned programs, including high and low estimates.

Answer. The Department does not have any information about the length of refugee participation in Federal nutrition programs. But because these programs, particularly the Food Stamp Program, serve much the same population as public assistance, the experience reported by the Department of Health and Human Services probably applies here as well.

Question 5. Does the Department have any program or policy which encourages refugees to become self-sufficient as soon as possible?

Answer. Refugees are subject to the same eligibility requirements as any other food stamp participant, including work registration and job search, periodic reviews of eligibility, and so forth.

Question 6 What kind of coordination does the Department have with the Department of State, the Justice Department and the Department of Health and Human Services in regard to refugee participation in the Food Stamp, School Lunch/Breakfast, and Woman, Infants and Children programs?

Answer. With the influx of refugees into this country in the last few years, various issues have arisen regarding refugee participation in the above programs. As needed the FNS staff has worked with staffs from other departments to resolve problems. For example, with the arrival of substantial numbers of Cubans and Haitians in the Spring and Summer of 1980 it was necessary to work with the Immigration and Naturalization Service (INS) to determine the status of these refugees, in order to determine their eligibility for the above Programs. Subsequent to this, we were contacted by the Department of Health and Human Services to provide information on our programs to aid them in developing refugee assistance programs.

Further, we and other agencies have been working with INS in the development of better alien documentation to be used as verification of alien status to determine eligibility for various programs, as well as other types of documentation, such as a driver's license.

Question 7. Are there any other Department programs other than the three mentioned previously which refugees participate in? If so, please supply information similar to that requested above.

Answer. Refugees are able to participate in any USDA program for which they are eligible (such as Child Care, Summer, Special Milk, etc.). Again, the Department does not have information about the actual numbers of such participants nor their cost.

Question 8. Have there been any complaints from participants regarding workfare?

Answer. Few participant complaints were brought to the attention of the National Workfare Advisory Committee, however, there apparently were several complaints made.

Complaints regarding workfare were lodged by participants in several of the demonstration sites including Tazewell County, Virginia; Nashua County, New Hampshire; Rusk County, Wisconsin; and Springfield, Missouri. Some of the grievances were directed to the Food and Nutrition Service (FNS) and addressed by the FNS Workfare Advisory Panel, but others were addressed to Congressmen. The complaints cited the demeaning nature of some workfare jobs, the unfairness of requiring food stamp recipients to work because the political subdivision elected to participate in the demonstration and the compensation of skilled work at a rate less than the standard.

Legal services was involved with complaints made by participants in Tazewell, Nashua, Rusk and Springfield. GAO also investigated the Tazewell complaints. Freedom of Information requests were received by FNS from Nashua and Tazewell, however, neither resulted in a law suit.

In addition to complaints directed to FNS and Congressmen, participants also made requests for fair hearings. This occurred in San Diego, California; Evansville, Indiana; and Berkeley, South Carolina. In most cases the participants had received sanctions when they failed to show up for their workfare interview. The participants stated that they had not received letters from the workfare office telling them to come in for the interview. In many of these cases the hearing was decided in the participant's favor.

Question 9. What percent of Food Stamp Households contain youngest children aged 3–5 years? How many of these households will be eligible for workfare?

Answer. About 12 percent of all food stamp households are households in which there is a child aged 3 to 5 years and no children younger than 3. However, only about 20 percent of these households will contain adults who will be eligible for workfare. The adults in other households will be exempt from work registration and therefore exempt from workfare because they are disabled, employed, subject to AFDC work requirements, etc. It is estimated that of all households eligible for workfare in any one month about 10 percent will have children aged 3 to 5. In half of these households there are two or more adults. Because different types of households remain in the program for different lengths of time, it is estimated that in the course of a year, only about 2 percent of all households referred to workfare will be households consisting of single parents with children 3 to 5.

[Question submitted by Senator Wilson to Mr. Bode and answers thereto:]

Question. What types/kinds of jobs have workfare participants obtained?

Answer. Information about the jobs that participants take after workfare comes from interviews with participants and from conversations with project staff.

Interviews conducted by the evaluation contractor during the operation of the first set of demonstration projects indicate that before workfare referral the most frequently held occupation categories among all men interviewed (and the 3 most frequently held jobs within each category) were structural work (construction, carpentry, and related structural occupations)—21 percent; miscellaneous (truck driving, package and materials handling, and occupations related to transportation)—18 percent; and service occupations (chefs, food service, and porters and cleaners)—13 percent.

Among women, the pre-workfare occupation categories (and jobs within those categories) reported most frequently were service occupations (food service, domestic service and health service attendants)—34 percent; clerical and sales occupations (cashiers, secretaries, and receptionists)—27 percent; and bench work occupations (factory work and fabrication of various products)—11 percent.

There were few changes after the workfare experience. Most men in both the participant and comparison samples had jobs doing structural work both before and after work registration and referral to workfare. About 22 percent of the participant males and 33 percent of the comparison males worked in these occupations in both the pre- and post-work registration periods. The primary occupation category for both female groups is service jobs. About 37 percent of the female participants held service jobs before work registrations compared to 46 percent after. Similar figures for the female comparison group indicate that 37 percent held service jobs before work registration and 32 percent held such jobs after work registration.

The average wage rate of males who were working in the third month after work registration was $4.87 an hour. The wage rate for working females was $3.74.

More detailed information on the jobs taken by workfare participants (those ever referred to workfare whether or not they worked at jobsites) and those working at jobsites will be available later this year when the evaluation contractor analyzes data from the second set of demonstrations.

Information from site staff tends to highlight successful job taking by persons who have actually worked at workfare jobsites. Jobsites have provided skills that people could use in paying jobs (electronic assembly) and provided experience to persons just completing training (electrician and welder) that helped them get paying jobs. In other cases, the workfare jobsite offered paid employment opportunities that the participants might not have otherwise accessed (cook, clerical, custodial, nursing aid, laundry worker).

Sometimes, the workfare experiences simply gave people self-confidence to look for jobs. Although some of the persons taking jobs through these processes might have found work without workfare, workfare staff believe workfare plays an important role in helping people gain paid employment.

The CHAIRMAN. Thank you very much. The first panel this morning is Dr. David Stevens, who, by the way, has to catch a plane, and that is the reason I am sort of moving this along—Dr. Stevens is professor of economics at the University of Missouri; and we have John E. Burdette II, deputy commissioner of the West Virginia Department of Welfare. If you gentlemen will come forward.

I would apologize to you gentlemen. At 11 o'clock all those bells and lights will start flashing; we have a vote on cloture scheduled at 11, unless it is otherwise resolved, which I don't think it will be.

I would suggest, Pete, if you don't mind, I will stay here and you go vote, and you come back and take the chair, if you don't mind.

Senator WILSON. All right.

The CHAIRMAN. And then I will come back as quickly as I can. You may proceed.

STATEMENT OF DAVID W. STEVENS, PROFESSOR OF ECONOMICS, UNIVERSITY OF MISSOURI

Mr. STEVENS. Thank you, Senator, I will be brief. I have provided staff with a prepared copy.[1]

The CHAIRMAN. It will be included in the record.

Mr. STEVENS. I would like you to understand that I am an experienced observer for the last 15 years of what is going on in local offices, and of participant behavior, particularly in unemployment insurance programs and AFDC programs, so that my title as an academic economist is somewhat of an inhibiting factor here. I do find some serious difficulties with the practical administration of a mandated workfare program in the food stamp area.

I would like to address the three objectives of mandatory workfare: the provision of valuable public services; the encouragement of employment; and the deterrent to program abuse.

The issue of primary importance, it seems to me, with regard to the provision of valuable public service is how one can practically expect a public or a private nonprofit organization, to integrate one or more individuals into substantive work activities, when the individual's availability to provide productive activity for that organization is going to be very brief.

One issue that I have observed in a number of settings is substantial differences in organization willingness to participate. The administrator of an organization may indeed make a commitment of a certain number of slots on behalf of the Governor, or on behalf of another elected official, but when you then get down to the practical supervisory level of having someone in a work setting, a lot of problems have arisen in the past, and I would expect those to continue to arise.

So, one important issue that must be considered is how those difficulties would be expected to be resolved, and, if they are not resolved, what one might really expect in the way of substantive work experience.

In my prepared remarks, I ask the reader to go through a role-playing situation and to think in terms of their own business. In the conduct of your office, Senator, how easy would it be to bring someone in on a very short-term basis for part of a day or part of a week, and to integrate them into productive activity?

The second issue that is particularly important with regard to the kinds of activities, then, is that the individuals are very likely to be assigned to job slots that are peripheral to the ongoing mission of the employing organization. And if that is the case, in the absence of substantial financial or any other kind of support for that organization, except the availability of the individual without having to pay them, the likelihood of close supervision, of establishment of normal job standards, is quite low.

We do have evidence that in this program and in other programs, when an individual is out of the mainstream, off to the side, in an unstable situation of that sort, poor work habits are learned rather than good work habits, because the normal supervisory

[1] See p. 90 for the prepared statement of Mr. Stevens.

functions are not there, and there is little incentive for them to be provided.

So I would resist, in terms of the practical assignment of the individuals, expecting substantial valuable public service. The evidence does not show that there is substantial valuable public service provided.

The second issue involves the individual's own employment prospects. Again based on my observation of programs in a number of parts of the country, assignment to a peripheral slot of this sort may indeed encourage someone to seek a private sector unsubsidized job, or public sector job for that matter, because the job to which they have been assigned is something to escape.

And in that regard I would join the administration in opposing the make-work aspects of it. There is a very serious problem involved, if there are other alternatives.

Another aspect of the improvement of the individual's prospects—since the evidence suggests that people are placed in peripheral positions, and are not really enhancing their credentials, is a stigmatizing factor for some employers: Employment prospects may be diminished because of having participated in this kind of activity.

And, finally, with regard to the enhancement of employment prospects, I have not found anything in the mandatory requirements that enhance an individual's prospects. I would agree with you Senator, that being employed is a very important vehicle to getting another job generally. If that is the case, I don't see anything in the mandatory aspects of it that are important. An optional program, a voluntary program, would provide the same leverage for an individual.

So I feel the need for great caution with regard to the prospects for employment enhancement coming out of this aspect of the program.

Finally, then, there is the deterrent effect. I have referred staff to various things that I have written on this. One question, of course, is: Is it necessary or appropriate to test willingness to accept employment? And my point would be that the philosophical issues, really don't matter, because in a practical context it is virtually impossible to routinely and equitably test an individual's willingness to accept work.

So the philosophical issues don't matter, simply because, regardless of what your intentions are, you can't do it on a day-to-day local client-contact basis in a mandatory context.

I would urge extreme caution with respect to the anecdotal information that is available. I must say that it is disturbing to me that evidence from the demonstrations is not available about the kinds of jobs that have been held by the individuals during their workfare participation nor about the transition to the private sector, because that information would help us to see whether my story is an accurate one or not.

The timidity of State and local areas to participate in the programs to date sends a signal to me. I know that you are going to have witnesses who are going to talk about beneficial aspects. I should say parenthetically that there is no question in my mind that the food stamp rolls can be cut and that the immediate bene-

fits of that cut in terms of savings will be there for people to see. That is why the surface appeal is so high.

But I think the other consequences that are hidden from view in the immediate term must be considered.

I offer four quick recommendations. One is to look at the signals that those States and substate areas are sending—what are their problems with the program as it is now constituted, and what does that suggest for any proposed changes?

Second, the uncertainties insecure incumbent employees in public and nonprofit organizations are expressing have to be paid attention to. To the extent that the workfare participants are really slotted into substantive work experiences, the dangers of employee substitution are going to be greater. You can't have it both ways. Either the individuals on the workfare side are going to be in peripheral positions, or they are going to be in great danger of substituting for regular employees.

Third, I would say that the local employers, both in the public sector and in the private sector, know where unutilized human energies are. If they want to reduce the rolls, they can hire these individuals on a voluntary basis. The difference between voluntary and mandatory, in my mind, comes down on the positive side for voluntary participation.

Finally, I would say again that great caution has to be exercised about the visible savings that we see. I know there are great pressures on you to capture those visible savings. You will hear other witnesses talk about the practical day-to-day effects on participants; that was a major topic that you asked us to address. I think you will find that the ability to carry out a test of an individual's willingness to work in a practical, equitable context is very, very difficult.

Thank you.

The CHAIRMAN. Doctor, I thank you very much. Certainly you have identified the warts in the proposal, and there is not an awful lot of disagreement that it is an imperfect proposal. But we live in an imperfect world, and my own view—and I wouldn't be argumentative with you—is what is the alternative? Just continue to lock these people in to do nothing or to encourage them to go into useful service?

[Questions submitted by Senator Helms to Dr. Stevens and answers there to:]

Question. Would you provide what you believe to be "the substantial evidence that poor work habits are learned rather then good work habits" from workfare?

Answer. My "evidence" is anecdotal expressions of opinion by employment and training program staff members who attended the Harvard Institute in Employment and Training Administration over the period 1972–1981; and from 17 years of involvement in program evaluations, which included substantial on-site interviewing of local office staff persons. The crucial issue, which is cited time and time again by client-contact staff persons, is abnormal expectations: Performance requirements that apply to "regular" employees are relaxed, supervision is less thorough; and for both of these reasons, sanctions for nonconforming behavior are less likely to occur.

Question. What evidence do you believe "does not show that there is in fact substantial valuable public service provided" from workfare?

Answer. Again, my "evidence" is informal discussion with professional staff members from the nation's employment and training agencies. In addition, my own participation in evaluating the Emergency Employment Act, as it was administered in selected sub-state areas in Missouri; and participation in evaluations of the Minnesota Work Equity program, and the EOPP demonstrations, reinforce this conclusion.

Most important of all though, is the common sense recognition that either peripheral assignments with minimal contribution to public services will be made, *or* nonsubstitution for regular employee responsibilities will be jeopardized.

Question. What evidence do you have to suggest that participating in a workfare program may serve as a "stigmatizing factor for some employers" and that recipients' "employment prospects may in fact be diminished because of having participated in this kind of activity?"

Answer. Once again, my assertion is based upon this recurring conclusion having been expressed by the client-contact staff persons referred to in my previous responses to submitted questions. This stigma arises, in part, because of the abnormal performance expectations mentioned earlier.

Question. Do you dispute the Administration's findings from workfare demonstration projects that individuals participating in a workfare program found other jobs more quickly than those recipients who were not? How do you reconcile their findings with your statement?

Answer. I have not had an opportunity to review the Administration's findings. (I welcome an opportunity to do so.) There is no inconsistency between the reported finding and my observations and conclusions. Indeed, I noted in my prepared statement that mandated participation in a "make-work" job is likely to encourage an affected client's initiative to find a better alternative. I predict that in most such cases, the workfare participation is not mentioned when applying for other jobs.

Question. Do you know of any evidence that workfare results in any sort of substitution for regular public employees?

Answer. No, I do not; which reinforces my observation about peripheral work assignments. If "mainstream" work assignments were being made, one would expect to see numerous challenges by public employee advocacy organizations. If these advocacy organizations aren't worried in today's fiscal climate for state, county and municipal employees, then workfare as a route to productive public employment must represent little threat.

Question. You indicated in your statement that "If recipients don't want to work, staff member and organizational incentives simply don't exist to consistently apply sanctions for noncompliance." What would you suggest should be the Federal policy with respect to provision of food stamps to able-bodied recipients who "don't want to work"?

Answer. Assume for a moment, that a "clean" and "permanent" non-exempt status distinction can be made in a routine manner. Then, I would favor serious consideration of food stamp program counterparts of two relatively recent innovations in unemployment compensation programs, both of which offer employers incentives to hire or retain eligible individuals, while enhancing individual opportunities to work. The first approach is "worksharing", which has been practiced in Europe for years and was introduced in California in 1978. There is no reason, in principle, why food stamps funds could not be utilized as an additional source of revenue to sustain employment of some who would otherwise receive food stamps. I am well aware that technical problems would need to be resolved in defining eligibility requirements, but the idea is worthy of exploration. The second, more recent innovation, is California's provision for reducing employer unemployment compensation tax liabilities when they participate in an approved employment and/or training activity. While this is a state funded program, the concept could be adopted for national food stamps funds dedication. Again, many administrative issues would be involved, but the idea warrants further elaboration.

The limited success of TJTC incentives, to date, suggests a need for extreme caution in believing that substantial numbers of employers, would respond to limited financial incentives. If this is true, we ought to question the propriety of expecting individual food stamp recipients to find work with no employer incentive of this type.

South Dakota has just introduced a requirement that selected unemployment compensation beneficiaries must secure different employer representative signatures each week to maintain continuing eligibility, which translates into an expectation that the only acceptable employer contacts are those that reveal an existing vacancy for which the applicant is a viable candidate. This introduces a rather dramatic new responsibility for beneficiaries: They must initiate sufficient search to achieve exposure to a specified number of actual vacancies that employers are willing to certify their candidacy for.

The South Dakota approach puts "teeth" into a continuing eligibility requirement that has been tried by various states through the years. It is not innovative to require a prescribed number of signatures, but it is creative to advise employers to sign only when vacancies for which the candidates apply actually exist. Indeed, the

consequences of this requirement for different individuals is not clear at this time, and an evaluation of the South Dakota requirement is about to be undertaken. This approach may offer possibilities for adoption in the food stamps program.

Now, I will return to the "clean" and "permanent" non-exempt status determination referred to earlier. In a large number of cases the determination is neither clean nor permanent. There are many good causes for unavailability for work, some of which are both unpredictable in timing and in duration. Family member care responsibilities and transportation availability are two frequently encountered examples. When you add to this realization a recognition that client-contact staff persons are always going to apply uniform rules in a very uneven manner (the goal displacement phenomenon), the practical administrative problems that arise in carrying out Congress' intent begin to come into focus.

I share with Senator Helms a belief that able-bodied persons should demonstrate a commitment to contribute to their own support, and to the support of those who are dependent upon them. I demur from the workfare approach on two grounds. First, we cannot "wish" it done. I understand the Senator's desire to reduce the fiscal burden of the food stamps program. He can be successful in this pursuit, because many of the consequences that I have elaborated upon in my prepared statement do not represent caution flags within the narrow boundaries of the federal food stamps program. Secondly, from a more positive perspective, there are likely to be better alternatives; ones that feature a more equitable sharing of responsibility for demonstrating a commitment to work between the food stamps recipients and the employer community. I believe that a "blame the victim" approach only is both in inappropriate and unnecessary.

STATEMENT OF JOHN E. BURDETTE II, DEPUTY COMMISSIONER, WEST VIRGINIA DEPARTMENT OF WELFARE

Mr. BURDETTE. Mr. Chairman, my name is Ed Burdette, and I am the deputy commissioner for the Department of Welfare in West Virginia.

I am here today representing Commissioner Ginsberg, who originally received your invitation, but was unable to attend. I have provided your staff with some passouts on the recognition that our workfare program has received in West Virginia you may find interesting, and, with your permission, I would like to provide you in the mail service a more formal statement than what I am making today.[1]

The CHAIRMAN. Very well, thank you.

Mr. BURDETTE. The State of West Virginia has sponsored work programs over a period of many years; for a variety of social, economic, and historical factors, work programs for the disadvantaged have been popular and successful in our State.

The dollar-an-hour work program for unemployed fathers was particularly beneficial in the early 1960's when thousands of West Virginia wage earners were unemployed because of changes in the market for coal. The title V work experience program of the Economic Opportunity Act of 1964 was also more successful in West Virginia than it was in other jurisdictions, and is still remembered very fondly by those who sponsored work for low-income people.

The work incentive program has also had special kinds of success in West Virginia in terms of job placements, on-the-job training, and self-placement in jobs by recipients of aid to families with dependent children. Therefore, the community work experience program operated by the Department of Welfare in West Virginia inherits a long and positive tradition of work programs.

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[1] See p. 96 for the prepared statement of Mr. Burdette.

There are a number of factors which seem to contribute to the success of work programs in the State of West Virginia. The State, because of our coal mining-based economy, has traditionally experienced periods of boom or bust, periods people have been fully employed, nearly wealthy, and have historically experienced reversals in their personal circumstances.

Being in financial difficulty, even after having been economically strong for years, is an experience shared by many West Virginians. Therefore, the disgrace associated with economic need, which is experienced in some other States, is not always experienced the same way in West Virginia.

West Virginia is also traditionally a working person's State. Most of the people have been employed all their lives and expect to work all of their lives and many are self-employed.

There is a kind of individual resourcefulness, historically significant in a State in which people tended to start their own businesses and find their own ways to support themselves. The population of West Virginia is relatively level in its economic strength.

This is, although there are a large number of very wealthy people and large numbers of very poor people, the bulk of our population is relatively common in economic power.

Since January 1982, when Federal regulations permitted workfare programs, the State of West Virginia has operated a community work experience program. This type of program is strongly supported by Gov. Jay Rockefeller and Welfare Commissioner Leon Ginsberg. The program currently operated has been limited to the aid to families with dependent children of the unemployed category of financial assistance, since budgetary limitations did not permit a statewide program for all recipients.

From this group of recipients which has been selected for participation in the community work experience program those who seem to be the most willing to work and those without health problems seem to have the best chance of obtaining permanent employment.

Currently an average of 2,600 people are actively participating each month in the community work experience program in West Virginia. More than 6,400 have participated in this program since last January. It is significant that 1,300 of the participants have left the program for regular employment, even though the State is experiencing an unemployment rate of nearly 15 percent.

In developing this program, one of the first steps taken was to contact local governmental leaders, and officers of nonprofit organizations, to explain this program, which would provide a source of labor for community projects at rather low prices. At the same time a discussion was held with them regarding their obligations, including workmen's compensation coverage, quality supervision and evaluation, and some training.

Also explained was a contract that each organization would be required to sign, which included responsibilities for the parties as well as job descriptions of the individuals being placed in an attempt to prevent program abuse.

Almost immediately we started receiving requests for placements from towns and eligible organizations for people to assist in jobs such as ambulance services, libraries, sanitation workers, and, in some counties, police personnel.

Most surprising was the number of requests for placements received from welfare recipients. Recipients were seen on local TV stations praising the welfare program that seemed to preserve their dignity and gave them an opportunity to contribute to their local community.

After a year's experience, only 198 people have dropped out of the program due to participation problems.

A work experience participant in West Virginia works off his grant at a rate of $3.35 an hour, and since the maximum welfare payment in West Virginia is $254 a month, the maximum number of hours worked is 75. And if a participant works 40 hours or less he will receive a $15 payment to offset his travel-related expenses; if he works more than 40 hours, that is increased to $25 a month.

Throughout the participant's placement, there are frequent staff contacts with him and his supervisor to monitor the work experience and to continue the search for permanent full-time employment.

Dr. Ginsberg is of the opinion that we have in this program something very special that may well serve as a model for other States. Through workfare programs a whole new approach to public assistance in the United States may be established. However, it is going to require some fairly sophisticated development and research if it is going to serve as a new model for dealing with the disadvantaged.

Commissioner Ginsberg recently told a congressional task force that the success of West Virginia's workfare program is no indication that the approach will work in other States. Different States have different economic and social conditions and different kinds of families. It's quite possible that this kind of workfare won't work everywhere.

Some States do not provide assistance for unemployed parents. Therefore, the group that we have had so much success with in West Virginia would not be eligible in other States.

Consideration must also be given to the high cost of providing day care when single-parent families are required to participate in workfare.

Recent Federal regulations issued October 8, 1982, by the Department of Agriculture, permit an optional workfare program as a component of the food stamp program. Caution should be exercised when expanding a mandatory program in food stamps. Many of the current food stamp recipients are already working. The problem is that their earnings are not sufficient to support their families.

Also, when compared with the AFDC category of assistance, the food stamp case load is really a rather volatile client group, in that people move in and out of the program with such frequency that the administrative cost of establishing slots, and keeping those slots filled, could be extremely high.

There is also another group of clients in the food stamp program whose benefits are so small that placement at a work site might not be cost effective.

There may be some merit in combining the AFDC grant and the food stamp allotment for a combined workfare project. This approach may avoid administrative problems associated with client turnover and placement stability. Should this approach be em-

ployed, there should be provisions made to help offset the increased work-related expenses a client would have to meet.

There may also be some value in incorporating a job search activity in the workfare program. In this situation the participant could work off his welfare payment at a work site and spend some time each week with proper assistance searching for permanent unsubsidized employment, which should be the primary goal of the workfare program.

There are a number of questions remaining unanswered about workfare. Does it really save money? Does it really help people get off the welfare rolls and get into the labor force? What is workfare's impact on fraud?

While workfare in our State seems to have a positive influence in these areas, the concept needs considerable study.

West Virginia has just been awarded a 3-year grant from the Ford and Benedum Foundations to participate with the Manpower Development Research Corp. to study our program. Hopefully a number of these questions will be answered in the course of that study.

Thank you.

The CHAIRMAN. Thank you, sir. I have got about 3 minutes to get to the floor. I will do something unusual, because you have to catch a plane. I am going to ask Mr. Boney—I have some questions here, Tom; if you will take the chair just for the record and ask these questions of Dr. Stevens and Mr. Burdette. Perhaps Senator Wilson will be back, but we have a back-to-back vote.

If I do not get back before you leave, thank you, sir, for coming.

Tom, if you will just sit here.

Mr. BONEY. This is highly unusual. This will be more or less an informal proceeding and we will get these questions in the record, and then maybe we will have follow-up written questions.

One thing from your testimony, Dr. Stevens, did you say you had or had not seen the Department's study on workfare in the pilot projects?

Dr. STEVENS. I have not seen the formal results of those, no.

Mr. BONEY. Do you dispute the findings from the workfare sites, including what Mr. Burdette mentioned for West Virginia, about individuals leaving the program who are not willing to work?

Dr. STEVENS. No, I have no question that some individuals will indeed leave. I think there is a tremendous unevenness, first of all, in the vulnerability of individuals who will be in jeopardy, and what their understanding of their rights is. In my prepared remarks I talked about what is well known in local office procedures, that there will be individual client-contact staff members, who will be very protective of their clients; and there will be other client-contact staff members who will be very punitive.

What I am saying is that the unevenness that is exhibited in those staff practices is virtually impossible to control, so that there is an uneven result.

Mr. BONEY. Is there any way—you have heard the Department's testimony before—is there any way that you feel that this unevenness, or whatever, can be either minimized or eliminated, or are you basically saying that workfare is inherently a bad proposal?

Dr. STEVENS. Well, I think mandatory workfare has serious deficiencies and they are largely tied to the mandatory aspects of it. I certainly agree that a number of individuals will be more comfortable working for their grant. There will be individuals who will benefit from the work experience. The screening process that would be exhibited in a voluntary setting would be fundamentally different than that involved in a mandatory setting. And I would say, without equivocation, that the mandatory aspect of it is simply impractical.

So that's why I say with great confidence that the philosophical issues don't matter, because in practical day-to-day local office client contact, you cannot administer a test of an individual's willingness to work in an equitable, even manner.

And I think you will hear other testimony supporting that later this afternoon.

Mr. BONEY. Let me follow up on that question, because in the past 2 years, the committee heard from various counties—from San Diego County in California, Nashua, N.H., and then Springfield, Mo.—where in each case it was reported that they were running one of these workfare pilot projects and they testified very favorably about their experience.

Dr. STEVENS. One has to be very, very careful. We cannot debate evidence that isn't on the table. My understanding is that the Springfield, Mo., city council voted nine to nothing last month to not continue the program. So, if that is accurate information, something has gone awry somewhere.

And that is why in the conclusion of my testimony I suggest that the signals that are sent by the local areas be looked at very carefully.

Mr. BONEY. Perhaps something that you both want to address is the fact—I think you called it the displacement effect—that these people hired from the welfare rolls are displacing other employment.

Your comment and your experience.

Dr. STEVENS. The more serious you are about providing a good learning experience as part of the job experience for the participant, the more likely you are to encroach on regular employee prerogatives. The suits that are being filed, and the kinds of concerns that are arising in the local areas, are tied very much to that. There are a lot of insecure public-sector employees. Maybe when things pick up that insecurity will diminish somewhat. But right now the fiscal stringency, the pressure to use these free sources of labor, is very great, which creates situations of great jeopardy.

Mr. BURDETTE. One of the conditions of our contract that we have with sponsors is that they cannot use these CWEP employees to displace other employees, and if that occurs then we just cancel the contract and pull away from that sponsor.

At this point we have had some complaints that employees were being displaced. We investigated each one of them, we cannot determine that displacement occurs. And it seems like most of the complaints are associated around election time in the towns and communities.

But we have not had that as a problem in our experience at this point.

Mr. BONEY. Do you have any further comment?

Mr. DUNLOP. Maybe we ought to say what we will do here so everybody knows what we are doing. It is obviously highly unusual to have a member of the staff conduct a formal hearing, and so this is totally informal. The Senators will be back after these back-to-back votes, and then we will call additional witnesses.

But it is our judgment that it would be the chairman's intention that we continue to question the witnesses already called.

Mr. BONEY. Mr. Burdette, one question I think that has come up is basically, perhaps, a perceptual one. What has been the public response—not the recipient response—but the public response to the workfare program to the extent that you have implemented it in AFDC?

Mr. BURDETTE. I think that the public response is very positive. This seems to be the type of program that the public would like to see implemented in most welfare programs. The administrators I think of public assistance programs find that having a community work experience program lends some credibility to the rest of their programs and is helpful in that fashion.

I think legislators in general support the program, as they see this as something their constituents are very much interested in.

So it has been a very positive response in West Virginia.

Mr. BONEY. One question that Senator Wilson was posing to the administration, and he wanted to get your views on it, was to what extent you either currently are incorporating the training aspects into workfare, either what you are doing or what you would perceive in the future.

Mr. BURDETTE. The way we have organized our work and training staff in West Virginia, we have the community work experience program as one portion of an overall work program, and when an individual comes in to apply for assistance they are immediately evaluated as far as their employability, and they can move from one phase of the employment program to the others.

We have gone WIN demonstration in West Virginia, so there is an opportunity there for additional training.

Most of the training that we offer is outside the community work experience program, but in the same work and training program.

Mr. BONEY. Do you have statistics—one of the earlier questions again—on either what percentage have gone into other jobs? I know you gave some on what percentage have left the program, but do you know for what purpose they left the program?

Mr. BURDETTE. We have had slightly over 6,400 participants. We have had 1,300 to leave for employment.

Mr. BONEY. Specifically for employment.

Mr. BURDETTE. Specifically for employment. We've only had—I think the number is 198 to leave because of participation problems.

Mr. BONEY. By that you mean the sanction for noncompliance?

Mr. BURDETTE. They either refused to participate or something like that.

Mr. BONEY. And the balance are currently participating in the program?

Mr. BURDETTE. We have 2,600 average each month participating. As indicated, we couldn't expand to the complete case load because we are just not financially able to do that.

Mr. BONEY. What is the State cost under even your existing workfare program in AFDC? Do you have any cost-benefit analysis?

Mr. BURDETTE. Well, that, of course, is one of the items that we are hoping to study with the grant that we are receiving from Ford and Benedum. We have some figures on I think the cost for the supplement, the $25, which has been slightly over half a million dollars.

Mr. BONEY. That is the amount you are paying to cover transportation and work expenses?

Mr. BURDETTE. Right. And we have staff costs I think that are in that same neighborhood. I am not sure how many of the people who left the welfare rolls finding their own jobs wouldn't have left on their own anyway. Those are some of the things that we have to look at as we study the program and modify the program.

So I really couldn't give you a good estimate on the savings at this point; I don't think we can do that.

Mr. BONEY. Another issue the Senators have concentrated on this morning is what is the recipient response? I believe you furnished some newspaper articles which quote a number of people seemingly being very receptive to the idea, but do you have any sort of statistical analysis on recipient receptivity? Dr. Stevens mentioned not to go by anecdotal stories and so forth.

Mr. BURDETTE. Probably one of the better statistics is we have only had 198 people leave the program because of participation problems, and that is generally associated with refusing to participate or refusing to go to a jobsite or going and then never going back again. I don't think I have statistical information. I know that most clients that we have had occasion to talk with are very much interested in the program, they like the program.

There has been a number of people interviewed on television stations, who seem to be very supportive of the program. General reaction is very positive.

Mr. BONEY. You mentioned in a section of your testimony the compatibility of the food stamp workfare program—that is, if there were a food stamp workfare program either mandated or, as it is now, optional—with the workfare program you are operating for AFDC.

Are there specific areas where you see differences that need to be changed? You heard the administration testify as to the few changes they have in mind.

Mr. BURDETTE. One of the things that we will be considering is combining the welfare payment and the food stamp allotment into one benefit.

Mr. BONEY. Become a cash benefit rather than coupons?

Mr. BURDETTE. No, I am talking about just a total benefit, a total benefit amount, and then letting the recipient work off that total benefit. He will still get food stamps and still get a welfare payment.

Mr. BONEY. In other words, the hours will be combined, the hours of work obligation.

Mr. BURDETTE. Right.

Mr. BONEY. Is that permitted under the optional food stamp workfare program?

Mr. BURDETTE. That is permitted, yes, and that is one of the areas that we are looking at now. One of the problems is I don't think that there is a very good way to get some additional expense money to the clients who are going to participate in that fashion. I don't think that there are additional expense moneys available, if they are already receiving the $25 CWEP allowance.

[Questions submitted by Senator Helms to Mr. Burdette and answers thereto:]

Question. Could you outline what type of job training is built into the workfare program involving AFDC recipients in West Virginia?

Answer. The Community Work Experience Program in West Virginia is used as one component of an overall work and training program. This program is intended to provide work experience only, however, many participants do receive training as a result of their job requirements. The WIN Program is also a component of the Work and Training Program in West Virginia. A participant will receive the more formal types of training if they are enrolled in the WIN Program.

Question. Have you had any difficulty in finding enough community service employment for workfare participants to fill in West Virginia?

Answer. Currently, we have encountered no difficulties in negotiating the community work experience slots with eligible sponsors. Our program, of course, has been rather limited due to financial constraints. The research project with the Manpower Development Research Corporation will evaluate the degree of difficulty in finding job slots for participants when a community does become saturated with CWEP participants.

Question. Do your have any statistics as to the types of jobs that were obtained by workforce participants after they left the program?

Answer. I am unable to provide you with statistics relating to the types of jobs that have been obtained by Workfare participants.

Question. Do you have any information on the percentage of able-bodied recipients who are working part-time/full-time in West Virginia?

Answer. A Community Work Experience participant in West Virginia is required to work a maximum of 75 hours per month. Hours are tied directly to the participant's welfare grant.

Once a person is working full-time, he can no longer be considered a recipient of welfare. We have placed 2,225 welfare recipients into unsubsidized employment during the last seven (7) months.

Question. You indicated that the food stamp caseload is quite volatile. What statistics do you have on the average time on the program of various groups within your state?

Answer. Recipients of the adult categories of assistance—aged, blind and disabled receive food stamps for an average of 87.1 months. Recipients of the AFDC and AFDC-U categories of assistance receive food stamps for an average of 24 months. Recipients of non-public assistance cases receive food stamps for an average of 9.1 months.

Question. Some critics of workfare have charged that it is especially inappropriate during times of high unemployment. Yet I understood you to say that almost one-fourth of the workfare participants had found jobs. This is in a state that has had unusually high unemployment. Has unemployment been an impediment? Do you believe the "success rate" of moving recipients into jobs would increase with a lower unemployment rate?

Answer. The high rate of unemployment has resulted in increasing numbers of people applying to the Department of Human Services for assistance. There have been a higher number of individuals in the AFDC-U categories of assistance who have a greater skill level than we ordinarily find in that caseload. This has certainly helped in moving welfare recipients into job openings. While one would generally believe the success rate would increase if there was a lower unemployment rate, it is necessary to recognize that we may not have individuals with as high of a skill level if the unemployment rate were lower.

Mr. BONEY. I think that is all the prepared questions. Maybe if you would stay around a little while in case the Senators, when they do get back, want to recall you and ask you some themselves.

Mr. DUNLOP. If folks want to kind of stay within range but take a break, especially Drs. Mead and Bernstein, who are up next. We

anticipate that Senator Hawkins will be here very shortly to proceed until 12:30, and if we haven't heard all the witnesses by the time she must leave, we will reconvene at 2 o'clock.

[Brief recess.]

The CHAIRMAN. The committee will come to order. The next panel consists of Lawrence M. Mead, assistant professor of politics at New York University, and Blanche Bernstein, Social Policy Research Institute of the New School for Social Research in New York City.

I'm sorry about the confusion, but we can't help these votes on the floor.

STATEMENT OF LAWRENCE M. MEAD, ASSISTANT PROFESSOR OF POLITICS, NEW YORK UNIVERSITY, NEW YORK, N.Y.

Mr. MEAD. Thank you very much, Senator.[1] This is an honor and a privilege to testify on this question. As you mentioned, I'm assistant professor of politics at New York University. For several years I have been doing research on the work incentive program, which is the other major case of welfare work test imposed by Congress. And it's those findings that I would like to apply to the question facing this committee.

In principle I am in favor of workfare. I think it's a necessary expression of a public request that recipients be accountable for their benefits by returning some obligation to society. I think one of the basic problems in Federal social policy is that the benefits tend to be unconditional, they tend to be entitlements. Recipients are really not held accountable for, let us say, functioning behavior in the same way that other Americans are when they work every day in the private marketplace.

And one of the things that must be done to make these programs more effective is to combine the benefits with some meaningful obligation, like work. So in principle there really is nothing to object to, and I think your previous statement about the arguments for workfare is very compelling.

At the same time, the things that Professor Stevens talked about, the limitations of workfare in practice, are also true. I think we have two realities here. On the one hand, workfare, what he termed the philosophical issues, really are critical. On the other hand, the reality, the practical problem is that workfare simply has had very little effect on the welfare rolls, and we have to face up to that. At present the work test is predominantly a symbolic requirement; it is something that we have on the books to satisfy the public demand, but which we haven't been able to make work at an administrative level.

Now, the reasons for this, I think, are fundamentally political, and they fundamentally come down to the authority of the Government in demanding these things. We haven't found a way to make credible the requirement that people work. And in order to make it credible, what Congress has to do is work, and it's a long way, to make those administrative requirements credible to the recipient—that is what is really necessary.

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[1] See p. 106 for the prepared statement of Mr. Mead.

In my research on the WIN program, what's become clear is that the economic conditions surrounding the work test are really not central. It looks as if the limitations of the job market are not the main problem placing welfare people. The limitations of the client are, again, not the main problem. It's true, these people have serious limitations as workers, the job market is constrained, especially in the present recession, and yet when you talk to WIN staff, they very seldom say these are the main difficulties in placing. The main difficulty they have is motivating the clients in fact to go out and seek work actively and then commit themselves to those jobs.

The difficulty they have, in other words, is expecting the recipient to work in a credible way.

I found that the thing that marks the effective WIN program is an ability to expect a high proportion of the registrants actually to work, not simply theoretically, but actually to work.

So I think what Congress should concentrate on, the committee should concentrate on, is to see if ways can be found to make that work requirement more credible. And in particular what seems to count in WIN I think would count in workfare as well. If you can make a high proportion of the registrants aware that there really is a job that they have to take, that there is an effective obligation right now, here, not simply theoretically, but right now, then they tend to respond. Welfare people accept work in principle if there is a meaningful requirement that they work, with a real job and with day care and the other requirements.

[Senator Wilson assumes the Chair.]

Mr. MEAD. If you do all those things, then, they in fact respond and they go to work.

Now, this says that the way to approach the work question is primarily in terms of building up the authority of the program and expecting that obligation. And I think that the key to this is, first of all, shifting the balance of rights and obligations within the program. Right now, the main burden for making welfare work actually function rests on the agency rather than on the recipient; the agency has to arrange child care and it cannot sanction a person unless that person has declined an actual job. Clients really have to look for work more than they have to accept work. Furthermore, only certain categories of people, the employable, are actually required to work when in the general population a broader group of people work.

So in all of these ways, the burden is really on the agency rather than the recipient.

So the first step that I think has to be taken to make work more effective, more credible, is to shift some of the obligations onto the recipient. We should consider ways to make sure that there is a job available, that day care is available, perhaps require the recipient to assume more responsibility for day care, strengthen the sanctions behind the program—these are all ways of obligating the recipient more than is now the case. And these are the things that the committee should consider.

And connected to that there is a political task: one has to justify this, you have to have an idea that this is legitimate.

Now, to the public, it's true that there is no way to question the work obligation, but in practice that consensus breaks down if you

err in either of two directions. On the one hand, you can provide guaranteed jobs of the sort that we found in CETA, public service employment. Some of those jobs were very undemanding, they were relatively comfortable office jobs. Much of the public said, well, these are really better jobs than perhaps I, or other working Americans, can get and I think there was resentment about the undemanding character of a lot of PSE under CETA.

At the other extreme there is a punitive and negative approach to workfare that says, let's use these jobs simply to drive people off the program, drive people out of welfare. I think the public also would not support that.

The critical thing is to get jobs that are pitched at a level that the ordinary American would feel comfortable accepting, to have a work expectation; in other words, that is like that of the ordinary worker. If you do that, then there is no way to criticize the program from either the left or the right. I think that is politically the central thing.

And, administratively, the central thing is to administer the program in a way that is unambiguous, so the requirement is clearcut and the authority behind the program is clearcut. Now, this is a very tall order, but let's think about the Internal Revenue Service. The administrative problems facing the IRS would be just as insufferable as anything facing welfare if Americans did not accept the authority of the agency. But they do, and so most of them pay their taxes voluntarily. Think how difficult it would be to monitor every single taxpayer if they did not accept that authority.

Well, one reason for that is that the IRS is a simple administrative arrangement that to the average American appears just and implacable. It is something that we all of us respect.

So voluntary compliance is high. And what we should try to do is move toward a situation where the public, the welfare public, accepts the work obligation more like the way the average American accepts the taxpaying obligation. That is kind of the goal that we should set ourselves.

And that indicates that the problem here is in fact one of authority.

Now, looking at the proposal before the committee, I think what we should ask ourselves is, does this proposal make that work requirement more credible, does it assist us in making the work expectation more real to the recipient?

There are several things about this proposal that I think could be improved from the point of view of making it a more credible work obligation. I think it was mentioned by the administration, by Mr. Bode, that only about a quarter of the actual employables would have to be certified, that is, actively participate in this program when it is in operation. I think to do that, to have the proportion be that low, would continue the situation we have where the work test is so discretionary that it really has no presence in the minds of the recipients as a universal obligation. It's not the case that 25 percent of Americans have to pay taxes; 100 percent have to pay taxes.

And I think here we should try to have a situation where half or perhaps three quarters of those who are eligible for workfare

should really expect they will, in fact, have to work. We should raise that percentage.

Also I think we should consider making the jobs full time rather than 30 hours. I realize this would raise some financial and legal questions, but 40 hours is the norm, that is the kind of work that most Americans do. We should try to make these jobs again as much like ordinary jobs as we can.

It raises a question to include CI beneficiaries under the proposed mandatory workfare the way they are under the current optional program. I think it is probably unrealistic to expect a program to pass in which there is workfare without some job search requirement attached to it. I think there were some suggestions about that earlier.

So one of the main things that I would recommend is that there be a combination made of the workfare requirement, such as it develops, and the WIN program. I think it would be an improvement for both WIN and for workfare if these two were combined.

And there are several reasons for this. The most important of these is simply simplicity. We have here a population, some of which are on AFDC, some of which are on food stamps, some of which are on both of them, and in order to make that work requirement credible, visible, unambiguous, I think we ought to have as simple an administrative arrangement as we can accomplish. And that says combine WIN with workfare.

And that will make WIN more credible to the AFDC population, because then they will take WIN's job search requirements more credibly because they know workfare is the alternative.

Equally, the working poor, the unemployment insurance people, who would be in food stamps and not in AFDC, those people are more ready to accept workfare if they have, let's say, 30 days, 90 days even, of WIN activities first, where they are looking for a job in the private sector.

I think if you try to impose unadorned workfare on the unemployment insurance population, there would be something close to a revolt, and I think we would be setting ourselves up for some kind of administrative discretion where those groups would be eliminated and in fact we would be back to what we have, which is something more like a symbolic than an actual work test.

So I think the main thing to do here is to combine workfare and WIN—and, of course, I realize the administration has proposed changes in WIN as well.

And another thing is: we should be realistic about the transition. If we go over to workfare and we are serious about it, we are talking about nothing less than a revolution in welfare administration—and that is not too strong a term. We are talking about workfare not simply for general assistance but for the really important workfare programs, AFDC and food stamps.

In New York City there are about 10,000 people on public service employment now as part of general assistance. That would rise to 40,000 or 50,000, if there were workfare in food stamps. That is an enormous change, and a transition period is required.

It was mentioned earlier that the States have little economic incentive to initiate this program because they don't have their own money involved in the grants that go into food stamps. For that

reason, I think 50 percent Federal financial participation in administration is going to turn out to be inadequate; it's going to have to be 75 or 80 percent, maybe even 100 percent, to get the States to deal with the administrative and supervisory questions that have been raised by other witnesses.

So I think a more generous form of administrative support is going to be necessary to make this work. Otherwise, again, we are going to end up with a symbolic rather than an actual work test.

So I think this is a serious proposition, it should be taken very seriously: we should try to have a serious work test. But if we do that, we have to face, I think, this problem of expectations, of authority, and administrative structure. And we have to anticipate a long struggle in order to bring it about.

Senator WILSON. Thank you very much, Professor Mead.

[Questions submitted by Senator Helms to Dr. Mead and answers thereto:]

Question 1. You referred to the "underclass" in American society and the need to integrate them into mainstream society. How do you feel that workfare contributes to this type of integration?

Answer 1. Workfare would help to integrate the underclass mainly by giving welfare recipients without work experience some work history on the basis of which they can more hopefully seek private-sector employment.

Question 2. As I understand it, you have suggested in your writing and to some extent in your testimony that individuals have deliberately decided against entering so-called "low-skill" employment because they would prefer to stay on the welfare rolls—including food stamps—rather than take a job. This is a complaint I hear frequently from farmers and small businessmen all the time. What is the basis for this attitude, in your view?

Answer 2. Welfare people who are unemployed appear to avoid employment, not because they deliberately reject work, but because the low-wage, menial jobs they can usually get are so unpleasant compared to the alternatives—welfare or work in the underground economy. They accept work in principle. The problem is that welfare programs have not set up a structure to convince them that the obligation is operative.

Question 3. You indicated that "the economic conditions surround the work test are really not central". Would you elaborate on this statement and provide appropriate evidence? Do you believe that workfare is an appropriate concept even with unemployment in the range of 10 percent nationally? Do you believe the "success rate" of moving recipients into jobs would increase with a lower unemployment rate?

Answer 3. Economic conditions and whether recipients are employable certainly affect whether welfare people can work. But these factors seem less important than whether welfare work programs seriously expect them to work. For a study that shows this for WIN in New York City, see "Expectations and Welfare Work: WIN in New York City," *Policy Studies Review,* vol. 2, no. 4 (May 1983). A more recent study showing this for New York State as a whole is enclosed. The unemployment rate is a very serious constraint on welfare work, and to reduce it would certainly improve placements. But more important is to strengthen work requirements.

Question 4. How do you respond to the charge made by critics of workfare that evenhanded treatment of recipients is unachievable and thus is an inappropriate system?

Answer 4. The due process rights of recipients in welfare administration have been substantially expanded in the last 20 years. It is no longer true to say that federal welfare programs, at least, involve arbitrary and degrading treatment of recipients in most states, though some abuses may remain. The danger should always be kept in mind, but should not now be a bar to strenthening work requirements in welfare.

Question 5. Would you summarize your views on the receptivity of an effect on recipients of requiring ablebodied individuals to participate in community service work through a workfare program?

Answer 5. Most employable recipients react positively to work requirements if the obligation is put to them firmly and positively. As mentioned above, they do not reject work in principle. But as I stressed in testimony, jobs must be pitched at a

level that non-dependent workers routinely accept. They must not be degrading or have the purpose simply of driving people off the rolls. In any event, of course, some resistance must be expected from welfare rights and some civil rights groups.

Question 6. Do you see any potential for workfare to be a contributing factor toward economic recovery for low-income individuals by encouraging the work incentive and training individuals for other employment?

Answer 6. The main contrition of workfare to the economic prospects of recipients is to give them a credible work history. Most of the jobs workfare would involve would provide little training, other than in basic work habits. While some recipients might profit from training, a training connection should not be a mandatory part of workfare, and training should be left mainly to other programs. The WIN experience has been that only some recipients profit from training, and to have too much of it weakens the work requirement for the bulk of clients.

Question 7. One witness testified that he believed workfare caused a "stigmatizing effect" and that "employment prospects may in fact be diminished" for workfare participants. Yet USDA testified that persons who participated in workfare found jobs more quickly than recipients who did not participate. What are your views on this charge of a "stigmatizing effect"?

Answer 7. Workfare is stigmatizing only if the jobs are degrading. Low-paid manual work would only be detrimental to better employment for those few recipients with above-average education and skills. And any reasonable program would place these recipients in training or office positions akin to the positions they would normally fill when off welfare. For most recipients, however, workfare jobs, as long as they are not punitive, should not be unlike the kind of work they would normally qualify for in the private sector. Thus, in general, workfare should enhance employment prospects rather than reduce them.

Question 8. One charge made by critics of workfare is that workfare jobs are "menial" or "peripheral". How do you view most workfare slots?

Answer 8. Much workfare would necessarily be menial, but so is much work in the private economy that non-dependent Americans do every day. We should not demean such work by giving welfare recipients a choice about it when other taxpaying workers do these jobs routinely. Such work is hardly peripheral to the economy since the number of entry-level, low-paid service jobs has vastly expanded in the last decade. It is a middle-class prejudice to deny respectability to any employment that pays the minimum wage and meets other legal conditions.

Question 9. How reasonable is the Administration's proposal to require States to maintain 75 percent compliance by the workfare-eligible recipients?

Answer 9. The Administration's goal of 75 percent compliance is reasonable as a goal. I doubt that it could be achieved right away. A lower level of compliance should be mandated initially and then raised to the 75 percent level over a number of years. As I emphasized in testimony, a workfare requirement must above all be real, not symbolic. To make it real requires a sustained effort to build an administrative structure and justify it politically. The Committee, and Congress as a whole, must anticipate a struggle to do this if it embarks on workfare. It is better not to attempt too much right away.

STATEMENT OF BLANCHE BERNSTEIN, DIRECTOR, SOCIAL POLICY RESEARCH INSTITUTE OF THE NEW SCHOOL FOR SOCIAL RESEARCH, NEW YORK, N.Y.

Senator WILSON. Ms. Bernstein.

Ms. BERNSTEIN. Thank you, Senator. I have prepared some written testimony which I have submitted, but what I would like to do now is pick up some of the highlights of it.[1]

I really want to talk first about public assistance, even though I do realize this is the Committee on Agriculture and Nutrition, but I think the two are very closely connected.

In a book that I recently have written and recently published called "The Politics of Welfare—The New York City Experience," I described at some length the relationship between welfare and work. And I point out that, beginning with the sixties, the early

[1] See p. 113 for the prepared statement of Ms. Bernstein.

sixties, when public concern about the size of the welfare caseload mounted very rapidly, there began to be a concern about a work test, search for jobs, workfare for welfare clients.

But what we began to hear from a very influential part of the community, a coalition of the social welfare community, minority groups, advocacy groups, was a whole set of reasons as to why women couldn't or wouldn't or shouldn't work. These ranged from actually saying there really were very few employable people on welfare—the figure of 2 percent was bandied about in New York City, and one reached that only by counting all the children—and no one ever expected the children to work or wanted them to.

And then we went on from very few employables to the view that it was unreasonable to expect welfare clients to take menial jobs, even though these are jobs which have to be done if the economy is to work, and it was really highly questionable whether the welfare client had a right to refuse such a job.

When, toward the end of the sixties, by 1966–67, it was implausible to attribute the continued increase in the caseload to unemployment; that was when we began to hear that it was necessary to provide a financial incentive to AFDC mothers to encourage them to take jobs and to make it worth their while.

And so we got the WIN legislation and the $30-and-a-third disregard.

Actually, this did not result in any substantial increase in employment of welfare clients, and it was then argued that the problem was a lack of day care.

In studies I did in New York, I never found that that was the obstacle to employment, as expressed by welfare mothers. Nevertheless, in New York and throughout the country, we had a tremendous expansion of the day care program, and that led to the fifth theme, that really it was too expensive to society to have welfare mothers work because of the cost of day care and the $30-and-a-third, and so on, and so on.

And then, finally, we came to the last theme, that the $30-and-a-third disregard wasn't enough; it should be higher, because otherwise the marginal tax rate was too high.

In sum, we have had an influential coalition creating an atmosphere in which it was quite legitimate not to put any kind of pressure on welfare mothers to work.

In my view, this had a disastrous effect: It increased long-term dependency, adversely affected program integrity. And, indeed, it is possible that it has helped to create what has been referred to as a permanent underclass. And I have written this before and said it in speeches, if there is ever an un-American idea it is that we have a permanent underclass in this country.

Now, I have been in favor of a work test, workfare programs, and/or a combination of what we have under WIN and workfare, for two reasons. One, I think it does help the welfare client develop some work skills, some work discipline, somewhat increase their opportunity of getting jobs. But it also affects program integrity.

Now, I was somewhat surprised in listening to the earlier discussion of the relative costs and benefits of a workfare program, that attention was first focused exclusively on the cost of employing one person and the benefit you get from that one person's work.

I would quickly agree that you don't save money that way, you don't save welfare money. It is probably a bit more costly to employ someone on workfare, certainly on the old CETA program, than to just maintain them on welfare. There are the benefits, it's true, for the client and for the work which is performed, which in my experience, as the administrator of the Human Resources Administration in New York for 1½ years, I can say that the work that these people did was very useful. We had a substantial number in the Human Resources Administration itself, and we couldn't have managed without them.

But the main point to make is that you get savings from the people who refuse that workfare job or that CETA job, and we have data on this; we have kept it in New York for a number of years, data going back to about 1977, 1978, indicating that for every 100 people called in for what we called a PWP, but which is actually workfare, 21 either failed to report for an interview, refused to accept an assignment, or, having accepted the assignment, failed to report for work. So that was 21 percent.

Senator WILSON. Forgive me—unhappily, we are short of members, and also short on time, and there is a cloture vote, and I have about 6 minutes to make that.

George, do you know if the chairman planned to extend the hearing past lunch? I thought that he did.

Mr. DUNLOP. Yes, sir, he would intend, if we could, to proceed through as best we can. It is our understanding that Senator Hawkins is going to come here right after this vote.

Senator WILSON. Perhaps we should recess until Senator Hawkins appears, and then reconvene.

Mr. DUNLOP. Yes, sir—and one other thing that we did this morning briefly when they had to leave, Mr. Boney of the committee staff was able to do some questioning so that they would be in the record rather than submit written questions later.

We could perhaps do that as well. But at this point, Senator, it really is incumbent upon you to leave.

Senator WILSON. Excuse me, I'm sorry. I hope I will have the opportunity to get back; your testimony is very, very interesting.

Mr. DUNLOP. So we will recess, is that correct, Senator?

Senator WILSON. We will be in recess until Senator Hawkins appears.

Mr. DUNLOP. Or until you are able to return?

Senator WILSON. That's right.

[Brief recess.]

[Senator Hawkins assumes the Chair.]

Senator HAWKINS. I believe we were in the middle of your testimony, Ms. Bernstein.

Ms. BERNSTEIN. Yes, I will try to pick up, and perhaps just repeat one or two of the sentences, so I can go on.

I was talking about the usefulness of workfare programs, as well as public employment programs, in improving the integrity of the welfare program, and pointed out that in connection with measuring the cost-benefit relationship of workfare, that one shouldn't just look at the cost of employing, let's say, a thousand welfare clients and the benefits derived from those 1,000 welfare clients. The costs are indeed, if anything, a little bit greater than the benefits.

But one must look, in addition, at what calling in 1,000 people for workfare or public service jobs does. And on the basis of some data for New York City, with our workfare program, which applied only to persons on the general assistance caseload—and these were mostly single individuals, actually—we found that about 21 percent of those called in in 1978 either failed to report to the call-in, or, if they came in, they failed to take the assignment, or, if they took the assignment, they failed to report to work.

The current figure for that is now 36 percent, 30 percent who failed to report and 6 percent who then failed to take the assignment.

We found when we had the CETA job program—and these were jobs paying $7,500 a year—we found that we had a refusal rate of 40 percent, a startling figure.

Now, very simply, why does this happen? These are people who are not uncovered by the various computer checks that we make of the welfare payment file, and, in my view, the answer lies in part, and probably in large part, in the underground economy.

It has been estimated—I happened to read it in Barron's, which is hardly a radical publication—that something like 15 to 25 percent of the gross national product is not reported for income tax purposes. A lot of people are working whose wages or salaries are not in any file, and if and to the extent that some of these people are on welfare, they are uncovered only by the offer of a job, whether a full-time or a part-time job.

A workfare or public employment program does therefore enormously improve the integrity of the program and save a great deal of money. And I think if you combine what I call this refusal or the failure to report with the benefits that do come from the work of those who do report and do take the jobs, the beneficial effects far exceed the costs.

Now, the 1981 Reconciliation Act, as you all know, permitted States to establish the CWEP programs for the heads of households on AFDC. And mostly, as you know, these are female heads of households. And it is also optional for the State to require a maximum number of hours at the minimum wage equal to both the welfare and the food stamp grant.

In New York State, however, where demonstration programs have been established in 17 counties, the value of the food stamps has not been included. The important fact, however, is that the operation of these programs, among those called in, has uncovered at least 20 percent and possibly as many as 30 percent of the recipients who apparently have resources not previously reported to the welfare department. And these cases have either been closed or their benefits have been reduced.

Now, in New York City, which has still about half the total caseload in New York State, they have approached CWEP as if it were a UXB—an unexploded bomb. And this leads me to a point which someone else made when he referred to the timidity of State administrators with respect to the workfare program. One reason for their timidity is that they are subject to attack from the social welfare community, from minority groups—we still hear charges of slave labor; and public officials, particularly I think in New York City, have been somewhat reluctant to take this group on in a

major way. But even in New York they will start a project soon which will affect, however, only AFDC mothers whose youngest child is 17 or over. And that is a very tiny part of the caseload. They hope, though, if that works, that they will move on to those with children who are 16 and then 15 and so on.

But it is moving very slowly under the optional basis, which is now what is in the law.

Now, I have stressed so far the percentage of welfare clients who have refused to either come in or to accept the assignment or to continue with it. But let me point out that 60 to 70 percent of the welfare clients who are called in do come in, do accept the assignment, and do work. And they do very useful work, and, at least as far as our impression is in New York, they are reasonably satisfied to be doing that work.

I would have to say that not as many move on to private employment as we would hope, but some do. We also tried to develop a ladder in New York City so that as some of the regular job openings in HRA occur, and even with declining budgets there is turnover, jobs do open up—we have reserved a certain portion of them for the people on workfare, so that they can look forward to a regular job.

And when we had the CETA program, of course, we had even more opportunities to do precisely that.

So I think we do need a work program, we do need a work test. You can test a client's willingness to work. This is one of the ways, by offering him a public service job on a full-time basis, or offering him a workfare job to work off the grant.

Now, in view of the rather slow response to the option to establishing workfare programs in the 1981 Reconciliation Act, I think one should consider making this a mandatory requirement. Let me stress two things, however, if that were to be done.

First, a serious omission in the 1981 Reconciliation Act would have to be repaired—and I refer to the fact that while the act provides for a Federal contribution to the work expenses and the transportation costs involved in putting someone on workfare, it did not provide for any Federal contribution to materials, equipment, or supervision. Now, these are very substantial costs, and I think you can understand the reluctance of Governors and budget directors who are having great problems balancing their budgets, to put up additional money for workfare programs even though they will save money next year. It is this year they are worrying about.

And I think one of the reasons the program has moved as slowly as it has in New York State is because of the costs of the materials, supervision, and equipment, and the fact that there is no Federal contribution.

So I would hope that that could be repaired.

The second thing I would point out is this. If the work programs are to be effective, they must be large in relation to the size of the caseload in the particular area, because, as I pointed out, even when you have 30 or even 40 percent refusing a job, you have 60 or 70 percent who accept that workfare job. Therefore, if the program is small, the slots are quickly filled up and the program ceases to be effective as a screen for ineligibility, or for hidden resources.

And that would bring me perhaps to my third point. If you think of a place like New York City—and we do have 10 percent of the Nation's caseload right in New York City—we have 235,000 families on AFDC and about 30 percent of them are employable—that is roughly 70,000. We have 100,000 single individuals on general assistance, and let me say that just about half of them probably are employable—that is another 50,000. And added together you would be talking about 120,000 people.

I think that is an enormous figure for New York, and while the numbers would be smaller in other places, the effort to employ all welfare clients, especially in States with general assistance programs, would be extraordinary in relation to the total employment in public agencies in that area.

So I think we have to be more modest and, if we have a mandatory program, indicate that in year one perhaps 20 percent should be on workfare or public employment, and increase it perhaps by 5 percent a year, because you don't just push a button and start a large-scale workfare program.

I've had administrative experience with this. The welfare department has to work with all the other agencies in the city—and this is true thoughout the State; you have to get agreement as to what sorts of jobs, how many can they take, and there is a significant effort that goes into the planning and into the administration.

I think it would be foolish to try to do this so fast that you really had useless work being done, because that is bad for the morale of the welfare client, bad for the regular employees who are sitting next to them and working.

Now, having talked about welfare so much, let me now talk about food stamps. In any event, my position is clear that I support the notion of workfare programs.

When it comes to food stamps, I want to bring attention to another problem. I might just note that in my book on "The Politics of Welfare," the chapter on food stamps is entitled: "Why Did We Mess Up the Food Stamp Program for So Long?" And it does explain, in gory and perhaps excessive detail, why this happened.

I am not going to try to repeat that history now, but let me just say briefly that beginning with the 1977 legislation when the effort was made to improve program integrity and to get a better balance between access to the program and integrity—it wasn't achieved with the regulations issued by the Department of Agriculture. We had further amendments in 1979, which helped, and finally it was not until 1980 that we had some further amendments which completed the change in congressional attitude, that integrity was not to be sacrificed for participation, permitted States to verify family size as well as deductions, and also permitted cross-checking of the food stamp file with income tax returns, social security, and other benefit payments.

Figures only now are beginning to come in which partially show the effect, and there has been some reduction in the national payment error rate, from about 13.1 to 11.8 percent. In New York City, which of course has had the most difficult problem, it went down from 25 percent to 13 percent.

Now, those figures are still too high, but they are coming down, and I think it's reasonable to anticipate that, given more time to

refine the techniques now permitted under the law, the error rate hopefully will continue to fall.

Now, I am not in favor of establishing mandatory workfare programs for food stamp recipients. Let me explain why. I will take New York City as an example, but the rest of the State is similar.

In the second quarter of 1982, the average number of households receiving food stamps totaled 435,500. Of these, 284,200 were on public assistance, 89,200 on supplemental security income, leaving a total of 62,100 households not on either. Now, I am including in the public assistance figure our general assistance program.

Now, of these 62,000 neither on public assistance or SSI, about 20,000 are working, 6,000 receiving unemployment insurance benefits, about 25,000 on State disability, other disability programs, OASDI, and so on. Finally, about 8,000 to 10,000 not on any of these things, who are work registered. Let me say quickly, nothing much is done about them.

Now, those on unemployment insurance are already subject to requirements to search for work, and I think most of them would probably like nothing better than getting a job; it's a difficult task with unemployment at the 10.2-percent level.

But even if I add these to the 8,000 to 10,000 registered, I come to a total of 14,000 to 16,000 people out of a total caseload of 435,000, or 4 percent. The situation is about the same in the rest of New York State. While I cannot tell you what the figures would be for other States which have general assistance programs—and most of the States in the Northeast and the West, Pennsylvania, Massachusetts, Connecticut, and some going out to the West, like California—do have general assistance programs.

My guess would be that the percentage of people not on any of these programs and not working, et cetera, would be small.

I think it simply is not worthwhile to mount a major additional administrative effort for this small group. I would rather see the efforts focused on the welfare population. I would include food stamp benefits in the total amount of grants to be worked off. But I would also say that if that were done, I would hope that we would move from the present requirement that the total grant be divided by the minimum wage, and instead divide by the prevailing wage. I do not think it is fair to make people do jobs where the regular workers sitting next to them may be getting $5 an hour and they are only getting a credit for $3.35. I think it leads to a sense of injustice. I am afraid it provides some fuel for those who label workfare slave labor. I would hope that that could be changed.

But I think if the Congress should decide to establish a mandatory program for food stamp only, food stamp recipients who get only food stamps, I do hope that they will except from that mandatory requirement all States with general assistance programs.

I think in my written testimony I said that those states need an additional administrative burden like a hole in the head.

Thank you.

[Questions submitted by Senator Helms to Ms. Bernstein and answers thereto:]

Question 1. Would you summarize your views on the receptivity of and effect on recipients of requiring able-bodied individuals to participate in workfare?

Answer 1. In my testimony, I indicated that workfare programs in New York City and New York State have elicited over the last eight years and continue to elicit between a 20 to 30 percent refusal rate from welfare clients—that is, the proportion of those called in for jobs, who do not respond, or refuse the assignment, or do not turn up for work. The obverse of this is that 70 to 80 percent of those called in do accept workfare jobs. On the basis of oral reports made to me by responsible staff when I was Administrator (January 1978–April 1979) of New York City Human Resources Administration (HRA) and in subsequent discussions, it appeared that a significant majority of those who accepted assignments were interested in the work, did it reasonably well, and made an important contribution to the agency. We had similar reports from other city agencies to whom workfare clients were assigned.

It is only fair to say, however, that some of those assigned undoubtedly felt "put upon" and were not as productive as they might have been and some, of course, drop out after a period of time. In general, however, the majority do not object and find the work stimulating. Those who accept the assignments willingly would prefer full-time jobs at regular pay. Unfortunately, with the high level of unemployment of the last two years and the elimination of CETA public employment jobs, it has not been possible to move a substantial proportion of welfare clients on workfare into private or public employment.

Question 2. One charge made by critics of workfare is that workfare jobs are "menial" or "peripheral". How do you view most workfare job slots?

Answer 2. It is absurd in my view to refer to entry level jobs at the unskilled or semiskilled level as "menial". These are jobs which must be done and which are done by millions of workers throughout the country who are not on welfare. The economy could not operate if these jobs were not done. It is not menial to be an entry level clerk in a city agency whether as a regular employee or as a workfare assignee.

Question 3. One witness testified that he believed workfare caused a "stigmatizing effect" and that "employment prospects may in fact be diminished" for workfare participants. Yet USDA testified that persons who participated in workfare found jobs more quickly than recipients who did not participate. What are your views on this charge of a "stigmatizing effect"?

Answer 3. I know of no studies nor does my experience indicate that workfare has a stigmatizing effect or reduces employment prospects; I do not recall that the witness who made this charge offered any evidence for it. The welfare client looking for a job is in a better position if he can show the prospective employer satisfactory work experience in a workfare program and a recommendation from his supervisor, than if all he can say is that he is on welfare. More specifically I would note that beginning in 1978 HRA reserved some of the entry level jobs which opened up as a result of turnover for workfare clients who had performed well. I would recommend such a plan to other local welfare agencies; it does encourage workfare clients and gives them hope for promotion.

Question 4. Do you see any potential for workfare to be a contributing factor toward economic recovery for low-income individuals by encouraging the work incentive and training individuals for other employment?

Answer 4. In my view there is a significant potential for workfare to help people find other employment. It does provide work discipline and work experience which can be translated into other jobs. The potential is of course, difficult to realize in a period of high unemployment.

Question 5. You seemed to say that one secondary benefit of workfare is to detect recipients who have unreported employment and thus are unable to fulfill their workfare obligation. How extensive do you believe this practice to be? Does not this "verification procedure" make workfare attractive for able-bodied food stamp recipients? What is the basis for the statement that 20 to 30 percent of AFDC recipients subject to workfare have resources—I presume you mean income from a job?

Answer 5. See pages 4 and 5 of my written testimony. The data on page 4 come from internal monthly reports prepared by HRA. The data on page 5 which covers the period of March through September 1982 is from an internal report prepared by the New York State Department of Social Services. Also, see pages 10–12 of my written testimony with respect to including food stamp only recipients in a mandatory workfare program.

Question 6. Do you believe that workfare accurately tests a recipient's "willingness to work"? One witness testified that he felt workfare questioned whether work—was necessary or appropriate to test a recipient's willingness to accept employment, and also questioned whether such a test could be applied in an evenhanded manner. Do you believe that workfare is an appropriate test for a person's will-

ingness to accept employment, and can it be administered in an evenhanded manner?

Answer 6. Pages 4 through 6 of my written testimony and pages 76 through 78A of my oral testimony support the validity of workfare as a test of the recipient's willingness to work. I should add, however, as I did on the bottom of page 79 (oral testimony) that if the test is to be applied in a reasonably even-handed manner, the workfare programs must be large in relation to the size of the caseload in the particular area. Otherwise even with a 20 to 30 percent rejection rate, the slots are quickly filled up and the test can no longer be applied to the bulk of the caseload. As a result, those who were called in early and accepted the assignment may feel aggrieved that others are not required to accept the work obligations.

Question 7. You indicated that you did not favor workfare as a requirement in the food stamp program, but did favor workfare for AFDC recipients. Doesn't this position result in a workfare requirement primarily for women while permitting able-bodied men not to work? If one of the purposes of workfare is, as I believe it should be, to restore public confidence in the program, isn't it precisely these unemployed able-bodied men whose continued presence on the rolls would most provoke continued public opposition to the food stamp program?

Answer 7. I indicated in my written and oral testimony that I favor workfare for both AFDC and General Assistance clients and that I consider it appropriate to require them to work off not only the welfare grant but the food stamp allowance as well. I do not favor a mandatory workfare requirement from recipients of food stamps only in states which have a General Assistance Program and already have a workfare program for such clients. The reason for this view is that in such states all but about 4 percent of food stamp recipients are already covered, or existing legislation permits them to be included in workfare programs. It is true that a mandatory workfare program will apply mainly to women since they constitute by far the largest part of the welfare and food stamp caseload. But since more than 60 percent of married women with children over six and about 40 percent of those with children under six are working, it is not unfair to ask women on welfare to work, assuming adequate care can be arranged for the children. I should have to make it clear that in states which have General Assistance Programs but no workfare, as well as, in states which do not have General Assistance Programs, it would be useful to establish workfare programs for food stamp only recipients.

Question 8. You seemed to indicate opposition to a workfare requirement in the food stamp program partially because it would affect so few people who were not on AFDC or, in New York's case, general assistance. As I understand the Administration's proposal, those AFDC and general assistance recipients who fit the definition of able-bodied—no children under age 3, adequate child care, etc.—would also be included in the workfare-eligible population rather than be excluded as you seemed to suggest. Therefore, the hours that they would be obligated to work in exchange for their food stamp benefits would be "added to" any other hours required in AFDC or general assistance workfare programs, to the extent that total hours required in all workfare programs do not exceed full-time. If this is, as it appears to be, the Administration's proposal, are you, in fact, opposed to it?

Answer 8. As I have indicated, I have no objection to the proposal to adding the food stamp allowance to the welfare grant to determine the number of hours which an AFDC or General Assistance client should work. I must, however, reiterate my strong preference for calculating the hours of work required on the basis of the prevailing wage rather than the minimum wage.

Question 9. You seemed to advocate exempting general assistance recipients because in New York there is a work requirement attached to the receipt of general assistance benefits. However, not all States providing general assistance have a work requirement attached. And, of course, many States do not have a general assistance program at all, thus increasing the eligible pool of those workfare participants not participating in other (nonfood stamp) workfare programs.

If the hours for food stamps could be "added to" these local workfare obligations (where applicable), do you oppose food stamp workfare for this part of the food stamp caseload?

Answer 9. See response to questions 7 and 8.

Question 10. Would you elaborate on the findings you had in New York regarding the provision of child care for working welfare mothers? Do you have any evidence to substantiate your statement that child care was generally not an obstacle to finding employment?

Answer 10. In three studies done by the Research Department at the Center for New York City Affairs, New School for Social Research,[1] between 1974 and 1976, questions were asked of welfare mothers related to obstacles to employment. In none of these studies did more than a small minority of mothers indicate that children were a significant obstacle to employment. In other words, they were saying that if they could work they would not have serious difficulties in arranging for the care of the child or children.

Question 11. As I understand it, you have supported the Congressional action in the AFDC program to lower the age of a child that exempts a parent, usually the mother from a work obligation. The Administration indicated they intended to propose a parallel change in the food stamp program under which parents with children under age 3 would be exempt from workfare, those with children between 3 and 6 would be exempt only if adequate child care were unavailable, and those with children above age 6 would be required to participate. Would you explain why you support the fairly prompt return of the mother to the work force?

Answer 11. I have favored the imposition of a work obligation on AFDC mothers whose children are between 3 and 6 assuming adequate child care is available for two reasons:

One, since more than 40 percent of women with children 3 to 6 are working, it seems only equitable to impose a similar obligation on welfare clients. Perhaps even more important, however, is that it helps to prevent the long term dependency which is likely to occur if one waits until the youngest child reaches age 6. It is that much more difficult to return to the discipline of work if one is out of the labor market for six years rather than just three years.

Senator HAWKINS. Thank you. Ms. Bernstein, are you familiar with the Jobs Training Partnership Act that was passed last year?

Ms. BERNSTEIN. Yes, in general terms.

Senator HAWKINS. There were some programs included in Jobs Training that provided for mothers to have day care for their children at no cost, and also transportation to the training site and back up to 25 miles. Many didn't have to have an automobile and they could have someone care for their children so they could be trained to go up the ladder.

Have you got any thoughts about that kind of companion—CETA's gone, and this is the replacement.

Ms. BERNSTEIN. Well, I think when you have a workfare program, the welfare administration must be concerned, as the mother must be concerned, about making arrangements for the child. I certainly would start, for the time being, with mothers with children 6 and over, partly—these children will be in school a good part of the day, and the problem of child care for the after-school hours becomes somewhat easier to deal with and somewhat less costly to deal with.

But let me also say, I did a number of studies in New York during the seventies in which we interviewed AFDC mothers, sometimes specifically in connection with what were the obstacles they saw to their working.

Very few said that finding child care was an obstacle to work; when they want a job or get a job, they are able, by and large, to make arrangements for the care of their child, whether it's with a neighbor, whether it's with a relative, whether it's a babysitter. Indeed, one of the astonishing things is very few children of welfare mothers are in these day care centers which we created because we thought they were necessary to permit welfare mothers to work.

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[1] The Impact of Welfare on Family Stability, June, 1975; Obstacles for Work of Employable Welfare Recipients, June 1974; Former Welfare Families: Independence and Recurring Dependency, September 1976.

So clearly, however, the mother has to—and she should concern herself as well as the welfare administration with the care of the child.

Equally clear, there does have to be an allowance for transportation and other work expenses, so that the family is not worse off when the mother takes a workfare job than when she doesn't.

But I think the law can easily provide for that.

As for training, let me just say, we do have training programs now. There is a training component under the WIN program, there is a training component under CETA, there is the Job Partnership—and I think it is very important, and I would like to see that even expanded.

But I wouldn't wait and would not insist that every welfare recipient must get job training before she takes either a workfare job or a public service job. There are many jobs that she can do without further training, and there is a good deal to be said for on-the-job training.

Mr. MEAD. May I speak to that? I just want to reinforce the point that we don't need to have a training component for every employment program. I think it's important to preserve some kind of administrative simplicity at the local level, and it would be, I think, salutary to have training be associated with the Jobs Training Partnership system, the former CETA system, and then the workfare system or welfare work generally would be another part of that same system, which people would understand as something distinct, and there is no need that they all have training. I think that just leads to unnecessary duplication and complexity.

I also want to support very strongly something Dr. Bernstein said about moving towards workfare. I think the central question in my studies of the work incentive program and in other welfare systems is the proportion of the employables that are actively expected to participate. You have to distinguish between registering people, which is paperwork, and actually expecting them to work, which means giving them child care and saying now you are actively expected to participate either in workfare or job search or job readiness or something. It is that expectation that really motivates a person to go out and get a job.

The expectation is made in the sense that we will cut your benefit if you don't cooperate, but it's also positive—you are saying to that person: we think you can work, we think you are important to the labor force.

So what I think this committee needs to ask itself is: how many of those eligibles under this program does it really expect to work in the first year, and it might be a quarter or a half of the eligibles, and then raise it by 5 percent a year and move toward 100 percent. It's unrealistic to think that you can get all the way to 100 percent right away, but it's also a mistake to accept 25 percent or 15 percent of eligibles, which makes the work test a paper exercise, really not a requirement that most people face.

I think it damages the credibility of government if we do that. We should either have no work test or we should have a serious work test that people will have to respect.

I think the central problem in welfare work is strengthening the authority of government, to make this a real requirement. In WIN

there have been now 15 years of struggle to make the WIN requirement a serious requirement. I think you have to anticipate a period of struggle in workfare in the food stamp program, too.

I think one might almost make provision for that by having some kind of staged percentage for the proportion of eligibles who actively have to be served by it, that being the central issue.

Senator HAWKINS. Thank you, we appreciate both of your contributions to this serious subject. We try to help; and we don't want to get in the way, especially when it comes to adding more paper.

Thank you both for coming. I would call our next panel, Joe Malone, who is the mayor of Bordentown, N.J., and Tom Woodruff, who is a State representative and a good friend of mine from the State of Florida.

STATEMENT OF HON. JOE MALONE, MAYOR, BORDENTOWN, N.J.

Mr. MALONE. Senator Hawkins, I really don't have a prepared text; this is really just an outline of our program, and I think it would be easier if I just comment for you.[1]

I would like to very much thank you and Senator Helms for inviting me here today. The topic of welfare and workfare has been an issue that our community has been involved in for the last 5 years or so, and unlike the previous speakers that we have had here today, we have been a little bit different in our aspect, in that we didn't deliberately get involved in welfare and workfare as a preconceived thought. Our situation really came out of necessity, due to the fact that certain circumstances were placed upon us by the State of New Jersey and the retirement of our welfare director. And we tried to take a practical approach to resolving a problem that we felt that our community had, and in discussing the welfare program in our community with our welfare director, she explained to us that the vast majority of the people that we have on welfare in our community were workable. And that is basically the way she left it when she retired.

And with that thought in mind, we said to ourselves, gee, if they are physically able to work, we will do something relatively simple: We will ask them to work for their benefits.

Our community, we really do not give out welfare checks per se as the normal situation might be. We either pay for an individual's rent or whatever needs they may have, or, in the case of the food, those individuals would be given a food order similar to food stamps to go to a local market to purchase food that is necessary. So really money does not change hands.

And we felt that if we could require the individuals to work for their assistance, that those individuals would be a much stronger asset to the community; they would have a much better feeling about themselves. And when we instituted a program, we announced it at our town meeting, and immediately we had a drop from 30-to-40-people-a-month welfare roll down to 1.

We have decrease in expenditures of 90 percent, and, contrary to popular belief by the State of New Jersey and other academicians in the welfare bureaucracy, people were not dying, they were not

[1] See p. 150 for material supplied by Mr. Malone.

starving to death, children were not let out on the street corners, and we did not have a gross problem. As a matter of fact, we found quite the contrary, that by and large the welfare recipients were in favor of lifting the stigma of receiving a handout and not doing anything in return.

And I have with me affidavits today of individuals who had been on welfare in the city of Bordentown, who wholeheartedly agreed, when we were in court with the State of New Jersey, that they would be more than willing to be involved in a workfare program in which they worked off their assistance.

This situation in our community has changed, I feel, the philosophy of welfare. We no longer have individuals who will come to our welfare director and automatically believe that it is their God-given right that they receive welfare; they come with the expectation that if they are physically able, they have to work. And that is not something that I take lightly. I think that the welfare rationale that has been pervading this country for the last 50 years has been something that may eventually destroy this country, and if we can do our small part to change that philosophy, and I think very sincerely that we have, I think that we may have taken one small step to resolving the problem.

Really without our being aware of it, our welfare program did generate quite a bit of national publicity with "Sixty Minutes" coverage, Reader's Digest, Parade magazine, a host of national coverage that really startled our small community to the extent that——

Senator HAWKINS. You were radicals.

Mr. MALONE. Yes, I saw that at one point when we started to get the mail coming in. It ranged in the neighborhood of 10,000 letters that we have received because of our very simplistic approach to what we thought was a common problem.

And I find it almost incredible to sit here today and listen to some of the testimony regarding all of the pitfalls and all of the situations and problems that occur in having a workfare program. I noticed very distinctly that the people that had what I would call hands-on experience with workfare programs are very much in favor of it, and those who have had the opportunity to sit back and theorize about the benefits and the social impact of what workfare will do to the citizens of the country, seemed to be opposed to it. And all through our struggle in instituting our workfare program, it really boiled down to the city of Bordentown fighting the welfare bureaucracy. And I think that probably is the strongest fight that this piece of legislation will have, is fighting the welfare bureaucracy. They are a very strong lobby; they use intimidating kinds of tactics, they use fear tactics, they use every kind of insidious comments and situations that they can dream up.

We had found a very strong indication that welfare recipients who had gone off of welfare in our community were being coerced by State welfare workers to go back on welfare. And this was exposed quite nicely in affidavits that individuals who they tried to coerce. And it went on and on to the extent that the New Jersey Legislature saw the kind of struggle that we were having and passed legislation to allow communities such as our community to

have our own kind of workfare program that we felt was much closer to the people.

One issue I would like to address is the issue of this administrative cost. I don't know what the current welfare bureaucracy will be doing—are they going to go out of business, they won't be functioning as part of a workfare program? Our welfare cost basically, as I said, decreased 90 percent under our workfare program—and I can assure you that the people did not leave town, they didn't die. I have had the opportunity to speak to just about every person who had been on welfare the previous month, and they didn't evaporate into thin air. They had a choice to make whether they were going to go out and seek employment, find other means of support, or work for their assistance. And by and large most of them felt that they wanted other means of making a living or making some kind of way through life.

And the administrative cost, if we let that rhetoric get in the way, I think it's going to be a sad situation. Our situation was very simple. The individual would come to the welfare office, they would be either determined to be physically able or not physically able, and at that point they were asked the type of work that they would like to do. And, within reason, we tried to match individuals with the kind of work that they wished to do and placing them within particular jobs in the community. If they wanted to work in the public works department or if they wanted to work at the school, if they wanted to work at the water department, whatever area that they felt most comfortable in—and we did not try to single these individuals out, we did not try to say to them, well, we are going to give you special scrutiny and make sure you don't get out of line; we tried to mix them as much as possible right in with the general flow of work within the community so that they did not feel as though they were being singled out for any particular purpose.

And individuals who have been on our program, and we have had several from workfare onto full-time permanent jobs in the community in the public sector and also in the private sector. And it has just been a situation where we are very pleased with our results, and I would hope and pray that other communities would see the rationale behind it and the reasoning behind it, and if they look at it with an open mind and try to diligently make an effort, I believe it can work.

That's basically where we stand, and I would be more than glad to answer any questions you might have.

Senator HAWKINS. Thank you. You really are to be commended, even though your program was small. Do you think it could be applied across the United States?

Mr. MALONE. I've been asked that question probably about 100,000 times—and the thing is, it will only be effective as the people who are running the program. And I see no—I had the opportunity to be on several programs with individuals from New York City, and they came up with all the same excuses—and one show in particular, that was in Philadelphia, they were commenting about the number of welfare recipients. And I said, just do me a favor—I had the opportunity to come down there, came down on the train—I said you take a walk with me from the train station to the television station, and I am pretty sure I could put as many

welfare recipients to work doing reasonable meaningful jobs as there are available in the city of Philadelphia.

And they were very hard-pressed, because they saw in their own community the kinds of things that needed to be done. It was just a matter of someone saying, look, get out, we have to get these jobs done.

And I am not being oversimplistic, and I have been accused of that. And I think if a reasonable approach has been taken, I think it's more than reasonable to expect that you will have some very drastic results.

Senator HAWKINS. Did you pay minimum wage?

Mr. MALONE. What we did is we divided the minimum wage into the amount that was paid in a benefit, and that would determine the number of hours that would be worked.

Senator HAWKINS. How many were women?

Mr. MALONE. Of the welfare roll, we probably had, about half of the welfare roll was women.

Senator HAWKINS. Did they have small children?

Mr. MALONE. Some of them did. In the State of New Jersey, we have it broken down into general assistance and aid to dependent children, and really this program was generally the welfare—the general assistance program; but we did have several people who had small children involved in this. And we didn't find, as Ms. Bernstein was saying, we didn't find that having children had a serious effect on whether people could work or not.

I taught in the city of New Brunswick, N.J., for a period of 8 years, and we had an extremely high rate of poverty in the school I taught at; I would say probably out of the 600-and-some students that were in school, probably about 575 of them got a totally free lunch. So the poverty level in that school was extremely high. And I had the opportunity to talk to many of the parents and single-parent families in particular, single-parent family mothers taking care of the family—and most of them in some way or another were out working doing something.

So I really think that is just a smokescreen, not really a real terrible problem about being able to take care of a family.

Senator HAWKINS. I haven't read all of your testimony. Did you say the percentage of what was public and what was private employment?

Mr. MALONE. What originally happened is that the first month we instituted the workfare program, we dropped from I guess somewhere between 30 and 40 that month down to 1 person that applied for welfare. And it has fluctuated several times since then.

And by and large the people that have gone through the workfare program have gone into the public sector, and we have, I guess—a couple of people I can think of. One lady started in the workfare program, she is now a dispatcher for the police department.

So we didn't just slot them into anything that some people had used the term "menial" kinds of work—and I use that very cautiously, because the term "menial" has some significant impact, because what I may consider to be a menial job may be a very important job to someone else, and I find it difficult when people start using those terms.

Senator HAWKINS. I read the article about you in the Congressional Record that Senator Garn placed from the Reader's Digest reporter,[1] and I think that the conclusion is right, that the reporter said no evidence of anyone having suffered because of Malone's no work/no pay policy for able-bodied welfare applicants.

Mr. MALONE. The Reader's Digest author, Mr. Tunley, did an extensive amount of research. He was in Washington for a lengthy period of time; he went across the country getting substantial information to back up much of the information that he based his story on. And, as I said to you—one additional factor that I think might be interesting, that a study was done by a university not too far from here—I won't use the name because I don't know if they want that information public: they have found that somewhere in the vicinity of 60 to 65 percent of the costs of welfare were administrative, as opposed to the benefits going directly to the people. And I don't know how accurate that figure is, but I think somebody probably should take a look at that figure.

Senator HAWKINS. The study, are we aware of whose study it is?

Mr. MALONE. I'll give you the name afterward, and maybe we can check it.

Senator HAWKINS. I would like to have that information. Thank you, Mayor, I think you are an example we all could emulate here, the courage and the stamina, too. You proved it could work.

Tom Woodruff, State representative from Florida, we welcome you.

STATEMENT OF HON. T. M. WOODRUFF, REPRESENTATIVE, 58TH DISTRICT, FLORIDA HOUSE OF REPRESENTATIVES

Mr. WOODRUFF. Thank you, Senator.[2] I would like to start out on the premise that is kind of in back of my discussion—I don't know if you have gotten one of our presentations. But basically the workfare concept and program needs to be set up with individuals who buy into the philosophy or the concept; otherwise every conceivable problem becomes an insurmountable obstacle to the operation of any kind of program. It's kind of like the bumblebee; if he had to ask why he was flying, he would find out aerodynamically he is not supposed to be able to. And I have sat here today and heard all kinds of reasons why this kind of concept doesn't work.

But let me tell you what happened to us. As you are aware, I am now serving my fourth term in the Florida House of Representatives. We were fortunate back in 1980 to pass in the State legislative process, after having heard almost all of the arguments against workfare that you have heard today in this committee, to pass the statute 409.028, known as the Workfare Policy Act. I have been called either the father or the mother of workfare in Florida, depending on your point of view.

Subsequent to that we attempted through other legislation to file and implement a full statewide workfare program, and that bill went all the way through the house process and passed overwhelmingly in the house, passed all the senate committees in the senate, with only one dissenting vote—and that was the senator from

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[1] See p. 153 for the article referred to by Senator Hawkins.
[2] See p. 122 for the prepared statement of Mr. Woodruff.

Miami who didn't like the idea. It died that year on the special order calendar in the senate the last day of session with about 5 minutes to go.

We then came back in 1982, and the bill was passed as a pilot program for Duval County, and appropriating $100,000 of State funds to operate the program. And I will talk a little bit about Duval County when I start talking about why the program in my opinion should be mandatory on the Federal level.

In any event, collaterally with the legislative process in 1980, we convinced the Pinellas County commissioners to establish a workfare pilot program under the authorization of the Federal statutes, and they authorized $40,000 in the county to run the program and match the Federal funds. The county commissioners acted as the sponsoring agent in the job-component part of the program with the State department of HRS operating as the forwarding and screening of the food stamp recipients.

That program initially—and we have heard discussion today about the difficulty of finding jobs for the applicants—before that program started in its implementation, the first month they had 20,308 hours' worth of jobs available for the workfare participants. These were in every conceivable type of employment. We had sites, for instance—the Florence Nightingale Circle, our local PARC resale center, Little League Baseball, St. Petersburg Historical Museum, Jewish Community Center, Seminole Fire Department, and the fleet maintenance for the Pinellas County fleet maintenance group, to name just a few. All total at the end of the year we had 143 organizations and governmental agencies providing jobsites. We had some initial problems with jobsites when we started discussing worker's compensation—and I will get into that a little later also. But they were solved and, after the initial program and throughout its progress in our county, we had an average of 2,500 hours per month available for work recipients. Each week we had approximately 100 referrals to the program, and counting the rescheduling of the people that didn't show up initially, we averaged 185 interviews.

And an interesting thing is, in talking about how this program actually functions—now, we have a rather large diverse county, and admittedly, because of the restrictions the program had by Federal guideline and because it was a pilot program, we did not have a large population of people in the workfare program. But those that did by statute fit into the program, of the 185 weekly scheduled interviews, only 12.4 percent of the people showed up on an average per week for their initial interview.

The next thing we found was that of those people that did show up and who were sent out on a jobsite, only 57 percent of those people would show up at the jobsite.

Throughout the entire program we averaged 804 hours a week of assigned work for the various people that were assigned to go out. Interestingly enough, only 344 of those hours in an average week were completed, being only 42.8 percent.

Now, that figure is significant, because that is of the group of people who bothered to show up in the first place to meet the initial interview. So when they were sent out on the job, only 42 percent of them would finish the job.

Of the total number of 31,356 work hours assigned in the entire program, only 43 percent of those hours were actually completed. Fifty-seven percent of the total program was not completed.

The interesting thing is that you hear questions about fairness and equity and these programs will never treat people like they ought to be treated. If that many people were not completing the jobs for some unequitable reason, the program has a built-in fail-safe mechanism; they can apply for a good-cause hearing, and go in and explain why they didn't show up. And there is an administrative process for determining whether they showed up reasonably or not. And if they don't agree with that, they can request a good-cause hearing.

Taking into consideration only 43 percent of the hours that were worked were completed, and the small number of people that went out to do the job, the total number that just simply didn't comply, you would expect, if it was an unfair program, to have a lot of administrative hearings. It's not fair, we need a hearing, we shouldn't be cut off from food stamps.

In the entire pilot program of Pinellas County, we only had three fair hearing requests. So that people who were actually cut off the program because they didn't finish the job, out of all those people only three people even requested a fair hearing. The rest of them must have felt that things were just running fine, and they simply didn't want to work.

In any event, as an interesting sidelight to our program, while we were not intended to find permanent jobs for the people, because this was kind of a program where you go in on a temporary job to pay for your food stamps, 12 people in the program were hired in full-time positions because they went out on the workfare job. One of the ladies was on television; she went out to take a secretarial position in a day care center, and she wound up being hired in that day care center, because she did the workfare job and did a good job of it.

An interesting sidelight, that between January 1981 and October 1981, requests for food stamps in our county from nonassistance households who would otherwise be eligible, but subject to the workfare requirement, they declined in our county by 8.3 percent, while a similarly eligible AFDC household declined only by 0.24 percent. The decline in the food stamp applications did not fit any normal statistical patterns, and while we can't scientifically say it was because of workfare, the only apparent change in the environment of the welfare recipients was the workfare requirement, so we can assume that because that requirement was in place, a given number of people simply did not apply in the first place for food stamps.

Now, we did have some questions and problems that came up in the program, and I have also in my presentation in writing suggested some solution. I initially said we had a problem with worker's compensation. The county jobsites did pull out initially from the program, when they discovered they might be responsible for worker's compensation payments, should the person be injured on the job. And, by the way, in our county we didn't have any on-the-job injury. But, in any event, once they determined that they were going to be paying that program in a self-insurance mode, and they

also met with the Department of Agriculture and factored in that cost in the reimbursement schedule, the county then picked back up the worker's compensation. But the Federal legislation does need to look into either reimbursement to the employer or to the State or how they are going to handle the worker's compensation question. And there are a myriad of ways you can solve that, but you do need to look at that particular problem.

There was another problem that was argued, well, my goodness, you didn't cover a very large number of people in your program and therefore it is not cost effective. Well, I think the present legislation that I have been told today, as far as hearing testimony, might have solved some of that problem, because my recommendation is to, of course, broaden the eligibility requirements. One way of doing that, of course, is to reduce the age requirement of minor children at home, so that you allow more families that have minor children to be eligible for the program. And some of the other suggestions that I have heard today will go a long way in broadening the total number of people in the workfare area in food stamps. And, of course, adding to that public assistance, which we don't have in Florida, but also AFDC, which we do have, would broaden the coverage of the people you cover under workfare.

The biggest argument we got in our State was the program's cost effectiveness; they have beat us over the head and shoulders that it is an expensive program that just flat doesn't pay for itself. Well, they did not take into consideration that the pilot programs were experiments, and experiments never do basically cost out properly. In addition, in our county, we did have a short period of time that operated with a lot of high cost for starting it and high cost for shutting it down.

In addition, and there is one problem that I think the Federal legislation needs to look, is that the States, even being reimbursed on a 50/50 basis, do not find it in their economic interest to buy into the workfare concept, because it costs them State dollars to operate it, and I think that is one of the reasons why you had a lot of the programs not picked back up on workfare, because in these hard economic times they can't see the dollar value of having the program.

So once you could work out a formula that would reimburse the States not only on their administrative costs, but reimburse them as you would in AFDC when they save the AFDC dollar, they are saving a dollar of State money by allowing them to get back some of the food stamp money they would save by the participants that either drop off the rolls or for whatever reason. At least make the program break even for the States.

So, then, if they philosophically agree with it, they could have it without costing them money, and if you could give them a little profit they would also be much more interested in having the program function properly.

Several other problems and solutions I have written in my written presentation which are pretty well self-explanatory, and some of those solutions have already been discussed today.

Some general suggestions that I have is that the workfare concept, however you program it, should include basically all of your programs, like AFDC, public assistance, food stamps. The reason

for that is that it should be, in fact, the bottom line program. One of our witnesses was talking about the State's authority needs to be reestablished. The person should be given every opportunity to go to other training programs; they should be sent to the employment offices; they should be sent to the State rehab employment offices—anything at all to try to get them retrained. But the bottom line, they would have to understand, to make all of those programs really functional, is that no matter what happens they have got to work.

And the workfare program, if you believe what some of the witnesses have said, is not the most glamorous job to have, so if I don't want that unglamorous job, I am going to get retrained into a good job. But I know the bottom line is the State has workfare, and I've got to work.

Now, they are going to make the personal decision to either work at the workfare job or not to work. And I don't think government should get into that reasoning as to why they make that decision or basically what happens to them after they make it, because it is their responsibility to make it. Once they make it, if they stay in the workfare program, they get their entitlements; if they make the decision on their own not to stay in the program, they are cut off. But that is their personal decision.

But if you don't have workfare as the bottom line program, if all else fails, they can still sit home and get the food stamps. That is the problem with your present programs: they have no incentive to be in the rehabilitation program or the retraining program, because, if all else fails, they can sit at home.

Now, we did find—and I would point out—that in Pinellas County, which is the only program I can look at with some expertise as to how it operated, when you gave the able-bodied welfare recipient—and you have to understand that the program takes out all of the reasons why these people should not be working: they don't have any reason to stay at home, they don't have any physical disabilities, they don't really have any excuse for working, except, whether they want to or not—in Pinellas County when they were given that choice, to work for their stamps or not to work for their stamps, only 12.4 percent would even show up for the initial interview, and, of those that did, only 57 percent of them went to the jobsite, and those that went to the jobsite only 42.78 percent completed the hours assigned.

Now, that tells me that those people either had another way to earn their income or simply didn't need the welfare badly enough to work for it. And if that is the decision they personally make, I don't feel it's Government's responsibility to start getting into the hundred thousand of different reasons why an individual might make that decision. We are willing to give you the assistance, I am willing to pay my tax money and do that—are you willing to work for it? That is the choice they make. If they say no, then we don't have the obligation to give them our tax dollars.

The Federal Government should make the program profitable for the State to get involved in, any workfare program, by at least allowing them to break even on the overall operating costs; otherwise they are not going to want to get into it, it's as simple as that.

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In our program the total operational costs were about $104,000. We made up part of that with the sanctions that we took out; we made up part of that if you included the hours worked. The HRS—one of the things that I found that bureaucracy whenever you present this kind of program on a State level, the bureaucracy came to us with our State bill and said it is going to cost $3.5 million for the State to implement this. And, of course, they just went bananas with that figure.

But what they did in effect was they put a workfare person almost in every single HRS office and two workfare people in the county; like a Christmas tree, they loaded up every ornament they could, and when it finally got to it, it was $3.5 million.

So they will play that kind of game with you.

Whatever the administrative costs, you can basically get them back. Our program in Pinellas County would have broke more than even had we had what you have done presently. We could only cut them off for a month. In the new program you can cut them off for 2 months. With the food stamp savings we would have more than broken even with that. If we could have gotten back those food stamps, then the program would have paid for itself.

Now, what I basically have found is that workfare ought to be made mandatory for this reason, and this reason only: it takes out the political repercussions to a person like myself on a local level, that has to make the decision about possibly cutting a person off welfare or not. There are an awful lot of people in State government that don't feel philosophically the way I feel, and, believe me, they will bring up every reason in the world why this program won't work. And, unfortunately, key people can cause a problem in your program.

Let's get back to Duval County. We passed the legislation in the State; we funded it with a $100,000 matching program that would have more than adequately, with the Federal funding, run a program in Duval County. The bill had to pass their committee process and come to their floor much like it does here and in Tallahassee, because they are a county government, which is the city. It got to the floor for a vote, and one council member, who is the committee chairman, decided because of his political philosophy to pull the bill into his committee, and we are still waiting for the bill to come out and pass.

If it ever gets to the floor in Duval County, Representative Bankhead informs me it will pass. But one council member has taken it on himself, because he doesn't like the concept, to try to kill the program.

And I ran into that very same problem in trying to pass it in State government, I have run into that very same problem in having the county program.

Let me give you a quote from one of our county employees that had oversight over workfare. This is a person that actually administered the program. "What workfare does is to create a permanent class of indentured public servants of low class status."

Now, if a person like that is given the position to stop a program, these thousands of insurmountable problems will stop it. And for the political reasons that I may not want to go back and vote on this kind of program, the Federal Government must make it man-

datory to have it operate in the country as a whole on a uniform basis. Otherwise there is going to be a number of States that are going to have key people in certain legislative positions kill your program. And you are not going to have the savings to the Federal Government or to any of the States because it is a hodgepodge operation.

So for political repercussions and political reasons only, you should take that decision away from the States, away from the local governments, quit making it optional, and say because we give you Federal dollars to administer the program in the first place, it will be a mandatory program.

Now, in conclusion, I would simply like to say that when I was at Florida State University in criminology and corrections which was under the School of Social Welfare, we had to take some basic courses in social welfare, and we were taught in those basic classes that people do not like to accept welfare, and it demeans them to do so. Now, if you buy into that premise, then we on a government level, realizing that people are going to require welfare through no fault of their own in most cases, that we should design a program that does not demean them and retains some of their personal dignity.

And, in my opinion, one logical way to do that is the workfare program.

Thank you, Senator.

Senator HAWKINS. Thank you, Tom. Didn't Duval County earlier have an optional program?

Mr. WOODRUFF. Duval County at the present time—and this is the interesting thing—on a city basis have a public assistance program that has got nothing to do with State programs. They have instituted a workfare concept, and it's working.

The problem is when we try to implement a workfare program in the food stamp area, the people who are philosophically against the concept, the welfare bureaucracy, have killed it administratively and legislatively through the rules of procedure.

But the city itself loves it, and, in fact, if it ever passes, the individual in the city who runs the city public assistance program will be the one they are going to put in charge of running the workfare program. It is just a matter of the legislative procedural problem that you have when you allow it to be an optional program.

Senator HAWKINS. It's probably one of the largest jurisdictions that has that workfare concept in that the county and the city are the same.

Mr. WOODRUFF. And they love their city program. It is just politically we cannot get the bill through their political process.

Senator HAWKINS. Now you know how we feel.

Mr. WOODRUFF. The program does work.

Senator HAWKINS. I'm sure it does. I would like to give it a try.

You earlier said that you thought the program was too restrictive, but now I think you answered that by saying you would like to make the children younger, broaden the base for those that were eligible.

Mr. WOODRUFF. Yes, Senator; we have heard testimony today—and I believe the President's program does lower the age that the mother would be requested to go out and work. They listed also

some other methods; for instance, the 16- to 18-year-old head of a household who technically at the present time would not be required to go out, under the President's program would be required to come into the program.

Those kinds of changes in the eligibility, in other words, who is eligible and required to go into the program, would make the program cover a larger number of people. By the way, when I was in law school and we had our first child, they were out at the day care center when she was 6 weeks old, because of necessity, and it didn't seem to bother her too much.

So I think it is more of your motivation and what you're wanting to do with your life than it is a problem of rearing the children, a child, whether it's out in the proper day care center or not.

Senator HAWKINS. Most of the wealthy that I know put their children in a play school at 2 or 3 years of age. I think they would put them in at a younger age except for the restriction at the school that they won't take someone younger than that in the play schools, so it has always been anathema to me that we have to take away the child from the mother; I think that should be optional, because of—maybe they get better training in the schools and day care centers than they certainly would even if they stayed home.

Did you in Pinellas County keep any records regarding a profile of those, their age, women, men, et cetera?

Mr. WOODRUFF. Yes, we did, Senator. The people in the program?

Senator HAWKINS. Yes.

Mr. WOODRUFF. The Ketron——

Senator HAWKINS. Do you have that in your testimony?

Mr. WOODRUFF. I didn't present it in the testimony. The committee staff probably has the Ketron report. If not, I can let somebody copy it.

The Ketron report, who is the data-gathering and data-collating program, they have that, and they tell you the age, the number of members as women—it basically follows the general overall pattern of all the other programs. The median age was roughly 32.5 years; we had roughly 67.3 percent male and 32.6 percent female in the program. It breaks it also down by age.

Interestingly enough the average grade level of the person in our program was 11th grade. It breaks it down by food stamp allotment price, that kind of thing.

So that is available. I would be happy to let them copy it.

Those figures, of course, would change if you broaden the eligibility requirements.

Senator HAWKINS. Yes. I certainly thank both of you gentlemen for your contributions to the hearing.

The next panel will be Charles Rodgers of Cambridge, Mass., and Peter Germanis of the Heritage Foundation. We welcome you both here today, and we will hear from Mr. Rodgers first.

STATEMENT OF CHARLES RODGERS, CAMBRIDGE, MASS.

Mr. RODGERS. Thank you very much. I've prepared a statement, a brief written statement, which I have given the staff.[1] I will try to

[1] See p. 128 for the prepared statement of Mr. Rodgers.

excerpt from that the choicest parts for this presentation today. When you get to be the last one to present other people tend to have stolen your thunder.

My remarks are going to be based on my own research on mandatory employment and job search programs for both welfare and food stamp recipients, plus a great deal of time spent in local offices where these programs have been administered, talking with the staff, and upon a review and analysis of the available literature on a large number of other mandatory programs for this population.

My point of view is basically that the proposal to require States to establish workfare programs is not appropriate at this time. There is little or no conclusive evidence that workfare is cost effective. Now, I know there has been a great deal of discussion about the issue of cost effectiveness so far today. There are a number of places where it is alleged to have been very cost effective, where caseloads have decreased, large numbers placed on employment rolls as opposed to welfare rolls.

Where there have been studies done, though, in carefully controlled situations, even allowing for the higher cost of startup of these programs, when the administrative procedures are admittedly not functioning efficiently, it usually turns out that the investment is not a wise one from the point of view of the Federal Government in terms of its return in savings. Moreover, I think that such programs are very likely beyond the capacity of many large jurisdictions to administer and operate effectively.

Some of the administrative problems that have beset prior work test provisions may in fact be exacerbated by the requirement that all States now be required to adopt and institute workfare.

I want to make clear that I do not believe that workfare is an inherently inappropriate policy. What is important to note is that there is considerable evidence that there are other less costly and less complex mechanisms that may be more effective in enforcing the obligations of recipients to support themselves and in reducing program expenditures.

What I would like to do in the next few minutes is briefly elaborate this position and talk very briefly about the shift in national policy that has occurred, that is leading us to put greater emphasis on workfare and other more rigorous job search requirements; two, explore the assumptions that underlie this rationale and examine its appropriateness; and, three, review what we know about our prior experience with workfare programs and operations; and, finally, summarize what all this means for the prospects for the workfare proposal before us today and to assess what other options might be feasible.

I think everyone here is certainly by this time well aware there has been a gradual shift occurring in our income transfer programs over the past several years leading us towards stronger and more rigorous work requirements. From general obligations to register at the local employment service office and be "available for work," the requirements have evolved into mandates that able-bodied recipients engage in active job search and, at the option of States currently, participate in a workfare program.

A lot of these changes that have been introduced and are called for being introduced in the next year or so will definitely strengthen the current requirements.

There are probably four arguments that are usually mentioned in support of stronger work tests, and the first of them is almost always that the array of incentive-based programs that were in effect during the 1960's and 1970's, when caseloads were rising dramatically, were not effective in curtailing this growth.

Now, it may be that the forces that were underlying this increase in the caseload would have overwhelmed any effort short of drastic revisions in eligibility standards.

In point of fact, what was happening in the 1960's and 1970's is simply that more people who were eligible for the programs took advantage of them, not that there were increasing numbers of people actually becoming eligible for welfare. This is what is known technically as the takeup rate; simply more people who could have taken advantage did so.

Yet the perception that we had these work incentive programs in effect at the time of these increasing caseloads led us to the conclusion that work incentive programs were too costly and didn't have any discernible effect on the caseload growth. Workfare, and other similar job search requirements, were looked to as potentially more effective mechanisms.

The second type of argument is that the type of work test or work requirements that were in effect during the preceding 10 or 15 years proved to be very unenforceable, and were given very low priority for enforcement by the agencies that were responsible for their enforcement. Until recently, for instance, the employment service was responsible for administering the work test and the food stamp program, yet the employment service's stake or incentive to carry out that work test effectively was almost nil; in fact, it violated the other sort of institutional incentives that the employment service responded to.

It is safe to say, I think, that work tests in many jurisdictions were completely ineffective.

Third, it has always been argued that some recipients do not want to work, or, perhaps more importantly, won't voluntarily accept the type of low-wage jobs that they realistically can expect to obtain. Stronger work requirements are called for in this case because they would compel active job search if the recipient wished to retain his or her benefits. And I think there has been a gradual change in our philosophy, too, in that there should be some sort of obligation on the part of recipients as a condition of receiving public benefits.

Finally, I think that the stronger requirements are thought to be needed to counteract the damage done by these prior policies that were in effect for the past 10 or 15 years in most of our major income maintenance programs that made it possible for some individuals to remain out of the labor market.

Yet participation in the labor market is generally seen as the only realistic hope for entering the economic mainstream. Not requiring people to look actively for work is ultimately going to prove harmful to their economic prospects for self-support.

Now, there have been a lot of recent regulatory changes that require more rigorous job search on the part of recipients and that have streamlined the process of removing noncomplying individuals from the food stamp rolls. And they have also increased the penalties.

A lot of the previous pitfalls of these work tests are in fact now in the process of being corrected. I think the workfare proposal can be seen as a natural expansion of this trend, relying upon the arguments that I have just discussed earlier.

It's appropriate that public policy—and, that is to say, a public policy mandated to be picked up in all jurisdictions—has to be assessed in terms of what we know about a variety of experiences of work test provisions in the food stamp and other welfare programs as they have been administered in the past few years. What these studies show is that many of the work test efforts, including workfare, have not been very effective in placing people in employment or in removing noncomplying individuals from the rolls. They have been difficult to monitor and enforce, they have been hindered by a number of fundamental administrative flaws, some of which have been addressed in previous testimony. And only some of these have been given solutions in the recent regulations.

Now, what do we in fact know about the history of enforcing these work tests in our welfare and food stamp programs?

Well, I don't need to go into very much detail about the extent to which they actually apply to the welfare or food stamp population. My statistics indicated that about 15 percent of the adults in the food stamp caseload who don't receive AFDC are actually subject to these work requirements; the remaining 85 percent are exempt. I heard from the Food and Nutrition Service today that that might be closer to 80 percent right now.

At any rate, the important point here is to recognize and to correct the perception that many welfare clients are not required to participate in these programs. And what it ought to do is temper our expectations about what we can hope to gain from these work requirements as they are currently instituted, keeping in mind that the largest reason for being exempted is the responsibility for caring for young children or some sort of health disability.

Senator HAWKINS. Do you have the statistics of which are which, how many for children and how many for adults?

Mr. RODGERS. I don't have them with me, but they can easily be obtained.

Senator HAWKINS. Would you provide those for the record?

Mr. RODGERS. Yes, I would be glad to.

Senator HAWKINS. Thank you.

Mr. RODGERS. There are very few recipients, very few of those recipients who are subject to the work test have actually been sanctioned, and I want to go in later to the reasons for that because I think that is the most important thing.

But historically very few recipients are ever officially notified of a failure to comply with the regulations, and even fewer have been removed from the rolls as a result. For instance, in the 1974 study, between 1 and 3 percent of all AFDC and food stamp program recipients were actually denied benefits for failure to comply. This is

consistent, I think, with some of the difficulties that have plagued these prior programs.

In a study that I did in Minnesota, just under 8 percent of all mandatory registrants failed to cooperate, and only 5 percent turned out to actually have been removed from the welfare rolls.

Prior to the initiation of the recent changes in the rules governing the employment goals of recipients, the number of sanctions actually imposed—and I mean by that the actual loss of the benefit—was very small. The agencies charged with administration had little incentive to carry out enforcement efforts and most States acted only on the most blatant cases of noncompliance.

Now, what is the reason for those cases that do run afoul of the program?

Well, I think that the idea of a work test somehow conjures up visions of recipients refusing to accept job referrals or job offers. In reality, most of the people that are subject to these programs get into trouble simply because they fail to attend meetings or appointments with program staff. A number of people I think have commented on this same phenomenon: when people are called in, they simply fail to show up.

Only a minuscule fraction of all the cases of noncompliance are actually cited for a failure to accept a job referral, quitting a job, or turning down an offer. In the study in Minnesota which I referred to a little while ago, 86 percent of the cases cited for failure to comply with the program involved a failure to appear for a scheduled appointment. Only 5 percent have actually turned out to refuse a job offer or referral.

My experience with the food stamp program would indicate that exactly the same pattern of failure occurs.

Now, it is very difficult to say why people fail to cooperate, and perhaps inappropriate for us to concern ourselves with. Certainly in some cases it is just simply a failure to understand the rules, and in others it is an outright refusal to cooperate with the goal of the work test, and in still others it may be—and this seems fairly compelling, based on interviews I have done—that some people on welfare simply don't have the experience in keeping appointments and adhering to schedules.

Whatever the underlying reality, most recipients don't refuse to work, they simply don't show up for their appointments with the program.

Now, I think that in the past one of the important rationales offered in support of workfare, and more stringent and more rigorous work requirements in general, was that they would save money. There is, however—and I stress this—very little evidence yet that would indicate that the current provisions pay for themselves or return a net benefit, particularly from the point of view of the States that would be charged with administering these provisions. For instance, we heard in the ongoing evaluation of the food stamp workfare demonstration that the cost seems to be more or less equal to the benefits. I think the benefits range between on the order a $5 net gain per person to a $9 net loss per person, if I remember correctly.

Senator HAWKINS. Can't some of the benefits be intangible, though?

Mr. RODGERS. The benefits being, I believe, benefits in terms of earnings or savings to the actual food stamp benefit.

In a Minnesota study I did a much more restricted analysis, and I compared the cost of actually imposing these sanctions, removing people from the rolls, with the benefits of the State welfare payments. Using a very narrow cost-benefit framework, the average cost of enforcing a work test was nearly $1,000 per case ultimately closed, partly because so few cases were actually closed. In order for this cost to be recouped, a noncomplying individual would have to remain off the welfare rolls for at least 8 months, since the average savings was on the order of about $135 per month. Given the caseload dynamics in Minnesota, it was estimated that the costs were not recouped and that the actual cost-to-benefit ratio was in the range of 0.8.

There was a study of workfare also conducted in Massachusetts. In terms of cost-benefit equations, there was certainly no benefit to the program. What we found in Massachusetts was—and this is a program for unemployed fathers on AFDC, it did not involve the food stamp population—that, due to problems with the State in the design of the program, it was actually not implemented; there were incredibly few registrants actually assigned to jobs. When you looked at the comparison between the experimental group, that is, those people randomly assigned to participate in the treatment, and the control group, those people assigned to have nothing to do, to not be subject to the treatment, there is absolutely no significant difference in terms of employment outcomes or in terms of their use of the AFDC grant.

Now, these studies raise some serious questions regarding the cost effectiveness of two different work test programs. These limited bits of evidence argue against overly optimistic forecast of how tougher work requirements actually save scarce Federal and State funds. More stringent work tests cost money. If no more money is appropriated to administer these provisions, I believe it's safe to say that they will not in fact be implemented by the States.

Now, I have painted here a picture, particularly in the past, but also with some programs that are still ongoing—for instance, the food stamp workfare demonstration. I have painted a pretty bleak picture in terms of what has happened to these programs. It is worthwhile spending a minute or two just looking at why this actually happens.

I think the reason for this frequently poor performance, in terms of the effect on the number of recipients actually removed from the rolls, either because of employment or disqualification by reason of sanction, and the various measures of cost effectiveness are in large part a reflection of administrative and organizational difficulties that have typically not been resolved.

It is exceedingly difficult in many jurisdictions to administer the work test. For instance, compliance with job search rules is difficult to monitor. One organizational unit is involved in carrying out the work test, and the movement of individuals on and off the welfare rolls often renders the application of sanctions irrelevant. It is, for instance, exceedingly difficult to detect some violations of job search requirements. You can get to the point of referring somebody to a job, but then checking on the outcome of that job and

verifying that a violation has actually occurred is extremely costly to the staff, because they not only have to find out whether or not the person showed up for the interview, they have to talk to the person that actually interviewed the recipient and find out what happened at that interview. And I think any of us in this room can easily imagine a situation where we could apply for a job that we really didn't want to get, and could manage to convey to the employer our attitude and behavior without violating the letter of the law, but that would result in our not being made a job offer.

Now, this type of violation is at the heart of these job search requirements, and yet they are exceedingly difficult to administer and monitor and detect the violation, and most agency staffs simply don't have an incentive to pursue that type of violation.

The other thing—and this gets back to the cost effectiveness issue—is that there is a continual movement on and off the food stamp rolls. It turns out often to be impossible to impose penalties for noncompliance because the individual who violated the regulation may have already left the rolls by the time the necessary paperwork is completed. This is particularly true in the food stamp program where people tend to be certified for food stamp benefits for very short periods of time. I think in most of the demonstrations going on right now, the average certification period is between 2 and 4 months, that is, every 1, 2, 3, or 4 months the person must come back into the welfare office and be recertified.

Given the constant turmoil in the caseload, by the time that you actually go through the paperwork, call people in, assign them to workfare jobs, they have already gone.

If the work test monitoring unit, for instance, doesn't have up-to-date information on the status of the clients it is working with, it often finds itself calling for penalties on cases that are already closed. And, unfortunately, the two units, that is to say, the income maintenance unit and the unit that monitors the workfare rarely share information on a timely basis, especially in large agencies, and the effectiveness of the work tests is frequently reduced on this account.

An example of this is that, again, in the Minnesota study. Now, I believe the State in this case was fairly efficient, given the national average, in following up on noncompliance. And nearly 90 percent of the clients who had failed to comply with the work test actually ended up leaving the welfare rolls, but only two-thirds of them actually were terminated for reasons having to do with the failure to comply with the work test. The other 32 percent just simply left the rolls for reasons totally unrelated. And it is in part due to this phenomenon that it is extremely difficult to make work tests pay for themselves, because a part of the savings here—and this is benefits not paid out—that supposedly result from the work test would have occurred even without the work test, given this constant flux on and off the rolls.

A key element in effective administration is an accurate and up-to-date information system that keeps track of case status and is shared with the unit responsible for monitoring compliance. But, unfortunately, such a situation is often the exception rather than the rule and a great deal of time is, as I said, spent documenting

noncompliance by recipients who are no longer on the rolls or have become exempt from these requirements.

I guess there are four points that I would make just to summarize at this point.

The first is that previous work test and workfare provisions for AFDC and food stamp program recipients have primarily encountered problems in administrative procedures. When programs have failed it is almost always because they have not adequately addressed the nitty-gritty of effective management. Workfare, more than most types of work tests, requires demanding administrative controls and management techniques. There has to be accurate information on caseloads that is immediately updated, information on participants must be shared on a timely basis between the staff who are responsible for the benefits and the staff who actually manages the job search and workfare component, and staff from these units must fully understand the regulations that apply and, most importantly, be willing to execute them. Program guidelines must be clear and unambiguous. Workfare is a complex process to administer and it demands effective management systems if it is to succeed. And I think it is doubtful that many jurisdictions currently possess these attributes.

Now, assuming that the administrative procedures can be successfully implemented, one should consider the appropriateness of the requirement that workfare be adopted in all jurisdictions. I think two important considerations should influence this decision. One is, as I have said before, no evidence from a cost analysis conducted according to scientific standards indicates that workfare programs pay for themselves in the larger jurisdictions at the very least. There are demonstrations in progress that are continuing to examine this issue, but the final results are not yet in. I believe that before workfare is mandated, it is appropriate to determine whether it constitutes a good investment of Federal dollars, based on the most up-to-date information on cost analysis.

A second consideration is that I think there may be less costly approaches to the problem. A variety of new and more stringent approaches involving supervised individual job search and group job search techniques have, I believe, the potential to test effectively the willingness of recipients to work. These approaches are at least likely to be less costly to implement and may be equally effective in penalizing those who are unwilling to seek and accept employment. And this is especially true given the recent change in the food stamp program that increases the disqualification period from 2 to 3 months and streamlines the sanction process. Again, there is a demonstration in process that is testing this approach.

What we know about the problem in administering work tests and the nature of the interaction between the world of work and the receipt of benefits suggests that local options and flexibility are important. It is unlikely that any one approach is appropriate or effective policy with regard to the work obligations of beneficiaries. The population is extremely heterogeneous and the variations in local labor markets are such that what works well in one jurisdiction may not achieve its goals in another. The one example that comes to mind is mandated participation in the job finding club when the unemployment rate in the local labor market is running

in the order of 13 or 14 percent. The anticipated payoff under those circumstances is relatively low.

Moreover, I think that workfare has not been successfully implemented where it has been tried, in many instances. If political and administrative support is lacking, it has to be anticipated that workfare is not going to be effectively implemented. It was the situation in Massachusetts, it was the situation in California in the early seventies, and it has been the situation in a variety of other programs.

Now, some States and local jurisdictions are very enthusiastic about the approach and, based on what I have read and what I have heard today, operate programs that appear to function well. But others are not. And if there is not active support for this type of program, an effective program is unlikely to be the result. The mandate that States adopt workfare is likely to result in a program whose faithful execution is more likely to be the exception than the rule in many States. It would be very unfortunate if workfare were to be added to the roster of programs whose implementation turned out to be unsuccessful and reflected badly on the whole approach for a failure to consider the political and administrative realities and the preferences at the local level.

I would strongly recommend that continuing attention be given to these type of administrative problems and that the local preferences which may jeopardize workfare be given their due consideration. Thank you.

[Questions submitted by Senator Helms to Mr. Rodgers and answers thereto:]

Question 1. You indicated that you thought there is "little or no conclusive evidence that workfare is cost-effective." How do you respond to the evidence from the food stamp workfare pilot projects and others which have concluded workfare to be cost-effective?

Answer. I do not find that the evidence from the food stamp workfare pilot projects indicates that workfare is cost-effective. Data reported on in mid-1982 continued to indicate inconclusive results. If more recent data are available, I have not yet seen them. The most recent report (Third Interim Report to Congress, 1982) presents a range of estimates for the net cost or benefit to government from a negative $9 per person to a positive $5 per person, depending on how various cost elements are treated. If one were to simply take the mid-point of this range, workfare would not be indicated as a good investment for the government.

It is entirely possible that workfare may, in the future, turn out to yield a positive ratio of benefits to costs if administrative improvements are adopted and if sanctions are increased. However, from the data that I have seen from the pilot projects, there is, as yet, no basis for assuming that it is cost-effective.[1] Nor should cost-effectiveness in pure money terms be the sole basis for assessing the appropriateness of public policy.

There are, moreover, several other issues of concern regarding the preliminary findings of the pilot projects:

(1) In the only urban site the earnings of males actually decreased during the demonstration. The negative aspect is particularly disturbing since most food stamp recipients are in urban areas and the majority of work registrants are males. The reasons for this phenomenon need to be understood.

(2) The value of the work done by the registrants is included in the calculation of benefits for government. The value is assumed to be the number of hours worked times the minimum wage. This method, however, exaggerates the benefits of workfare. I would argue that the value to the government is less than the minimum wage because the jobs being done were not deemed of sufficient value to be paid for

[1] Moreover, the same situation applies with respect to AFCD workfare. See U.S. General Accounting Office, "Does AFCD Workfare Work? Information Not Yet Available from HHS's Demonstration Projects," GAO/IPE 83-3, January 24, 1983.

by taxpayer dollars in the absence of the demonstration. While the method used tends to make workfare appear more cost-effective, it does not reflect the true value of the work to taxpayers who pay for the public services provided by the agencies that provided workfare slots.

(3) If it is posited that workfare will become more cost-effective when the entire household is disqualified—not just the individual—then there should be some measure of the costs of disqualification on the household unit, especially on dependent children.

(4) The cost-benefit analysis in the current demonstration does not include a measure of "displacement." Displacement refers to the fact that persons in workfare slots may be substituted for regular, unsubsidized employees. Work done by workfare recipients may be a part of the job normally carried out by regular employees. To the extent that this occurs there are costs incurred in terms of regular employees laid off or (more likely) not hired in the future. This was shown to be a serious problem in the public service employment component of the CETA program. Past estimates of displacement suggest that 25 to 40 percent of the output of subsidized workers from this type of population results in displacement. Thus, one would reduce the overall estimate of program benefit by 25 to 40 percent.

As you have noted, there are many other individuals and programs that claim that their projects are cost-effective. And some of these may be. However, if public policy is to be based on claims of cost-effectiveness, the numbers must be produced by a rigorous cost accounting that is often beyond the means of local program operators. Other than the food stamp pilot projects, there has been no rigorous cost analysis of workfare conducted in accordance with accepted standards, of which I am aware.

Question 2. You indicated that you felt workfare programs "are very likely beyond the capacity of many large jurisdictions to administer and operate effectively." We have had several witnesses from large areas testify that they have successfully implemented workfare. Several States have workfare in connection with their public assistance or Aid to Families with Dependent Children caseload. What evidence do you have for your statement?

Answer. Implementing workfare and operating it effectively over time are distinctly different processes. Many jurisdictions, especially large ones, are not able to assure that all eligible clients are referred, are not able to provide effective case management, and are often unable to determine what part of the workfare caseload represents current food stamp recipients. This problem is especially severe in the food stamp program where individuals tend to be certified for short periods of time (the average is on the order of two or three months). This caseload fluctuation makes it difficult to administer the work requirement effectively. A good example of this is that many recipients who were found to be noncomplaint had already left the food stamp rolls at the time they were cited for failing to report for a program activity.

Effective administration puts a considerable burden on agencies in terms of case management and in terms of a management information system that provides access to case data that is constantly and properly updated. Such systems are not widespread. There is evidence of these administrative problems in the food stamp workfare pilot projects and in several other studies.[2] My own experience comes from the Minnesota Work Equity Project. In this project, a principal problem was inadequate information on case status. A third of the cases referred for sanction had already been closed for reasons having nothing to do with noncompliance. (See specific citation in No. 4 below.)

Management problems have always been the major failing in work test administration. If workfare is not operated in an effective manner, it will not turn out to generate savings in excess of its cost.

Question 3. As I understand it, you have indicated in past studies that welfare recipients, presumably including food stamp recipients are willing to work. One witness, citing your work, argued that the primary difficulty is that society does not expect them, or obligate them, to do so. How do you respond to this analysis? Also how do you explain the situation, which you acknowledged, that there are certain jobs that welfare recipients will not accept voluntarily?

Answer. The meaningful question is at what wage rate or under what conditions are people willing to work. There are obviously some jobs that many individuals would be unwilling to accept. It is also true that society has never vigorously implemented policies to attempt to require people to accept low wage jobs as a quid pro

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[2] See the "Third Interim Report to Congress: Food Stamp Workfare Demonstration Projects" (June, 1982), Office of Analysis and Evaluation, Food and Nutrition Service, USDA.

quo for receipt of public benefits. Work requirements are intended to address this situation, to require people to find work quickly and, if necessary, to accept jobs they would not otherwise take.

I believe there is a need for rules that impose obligations in exchange for receipt of certain public benefits like food stamps. The issue is what such rules shall entail and how can procedures be implemented in an equitable and cost-effective manner.

Question 4. You referred to studies which you described as showing that many of the work test efforts, including workfare, have not been very effective in placing people in employment or in removing noncomplying individuals from the rolls. From what specific studies do you come to this conclusion?

Answer. Several studies are:

"An Evaluation of the Massachusetts Work Experience Program," Brandeis University, Waltham, MA, 1980.

"The Administration of the Work and Training Requirement in the Work Equity Project," Abt Associates, Cambridge, MA, 1981.

"Food Stamp Requirements—Ineffective Paperwork or Effective Tool," U.S. General Accounting Office, Washington, DC, 1978.

"Services to Applicants Required to be Registered with the U.S. Employment Service," Camil Associates, Philadelphia, PA, 1979.

"The Impact of Work Tests on the Employment Behavior of Welfare Recipients," Brandeis University, Waltham, MA, 1975.

"Third Year and Final Report on the Community Work Experience Program," Employment Development Department, State of California, 1976.

Question 5. You indicated that the perception should be corrected about the number of recipients who would be termed able-bodied in terms of their eligibility for a workfare obligation. What information do you have on what would be likely demographics of the workfare population within the food stamp program under the Administration's proposal?

Answer. My point in terms of eligibility was that most adults in food stamps or AFDC are exempt from work requirements because they are old, under age 18, ill or disabled, or (most importantly) responsible for the care of young children.

The workfare pilot projects are the best sources of data on the likely demographics of the workfare population within the food stamp program under the Administration's proposal. I would have no better source of such information.

Question 6. You seemed to draw a distinction between those who refused to attend a workfare interview versus those who actually turned down a workfare job or quit such a job. Reports from the pilot projects have generally shown that more people fail to comply at the first stage (job interview) than at the second (failure to appear) or the third (successful completion of the assignment) stages. Do you have any evidence to suggest that those [who] failed to appear for the interview intended to comply with the workfare obligation, or is not their refusal to appear a legitimate assessment that they intentionally planned not to comply?

Answer. It is, unfortunately, very difficult to determine why an individual fails to comply and whether such failure represents refusal to accept job search or workfare obligations. My point was that most noncompliance involves the failure to appear for an initial interview. These "no-shows" are the vast majority of the cases of noncompliance. In this, I think I am in agreement with the evidence from the pilot projects.

My personal view, based on interviews with clients of these programs and case studies, is that a large number of people failed to appear for interviews because they didn't understand the requirement. Many recipients are unable to understand the formal letters notifying them of their obligations. This is not to say that some individuals don't blatantly refuse to participate.

Question 7. Do you disagree with the findings of the pilot projects in food stamp workfare that seemed to indicate a positive cost-benefit?

Answer. This question has been addressed under #1 above.

Question 8. You seemed to say that in some cases food stamp recipients may be off the rolls before a sanction could be imposed for failure to comply with workfare. Inasmuch as the sanction takes effect immediately upon noncompliance, how do you arrive at this conclusion?

Answer. Sanctions do not take effect immediately upon noncompliance. The process generally involves the following:

(a) A Notice of Noncompliance is sent by the workfare unit to food stamp eligibility workers that an individual has failed to comply on at least two occasions.

(b) Upon receipt of the Notice of Noncompliance, the eligibility worker sends a Notice of Adverse Action to notify the noncompliant individual and his household that benefits are to be cut off.

(c) If the recipient does not request a hearing, the case can be closed. Case closure may not take effect, however, for several weeks.

This process can take several weeks. The real problem, however, is that workfare or job search staff often write Notices of Noncompliance for individuals who are no longer on the rolls or who are about to leave the rolls for reasons not related to noncompliance. Thus, time is spent processing sanctions for cases that are already closed or will have closed before the sanction can take effect.

Question 9. You indicated that other approaches may be available which may be "equally effective in penalizing those who are unwilling to seek and accept employment." Would you outline what these other approaches are, and what evidence suggests they could be equally effective?

Answer. I believe that there are a variety of work test procedures that may be effective in enforcing job search and work obligations. Such procedures may also be less costly than workfare. They include:

(a) A requirement that recipients make independent job contacts and report such contacts to agency staff at reasonable intervals. A job contact requirement is more easily enforceable than are vague requirements that a recipient "be available for suitable work."

(b) A requirement that work registrants participate in group job search or job clubs on a regular basis.

Job search requirements that are more rigorously enforced offer the possibility of relatively low cost but efficient work test mechanisms.

A number of approaches are currently being tested and evaluated by the Department of Agriculture.

[Questions submitted by Senator Huddleston to Mr. Rodgers and answers thereto:]

Question 1. What types of job or training assistance would help to increase the likelihood that food stamp recipients will become employed?

Answer. It is important to distinguish between short-term and long-term outcomes when discussing effective programs to help food stamp recipients obtain employment. There has been significant success in using group job finding techniques to help low income people obtain work. These job finding clubs, as they are usually known, combine instruction in job search skills, peer support, and independent job search to help people locate jobs. When properly supervised, these job clubs have been very effective in placing people into jobs more quickly than they would otherwise have been able to do. They are particularly effective in helping people who don't have good job search skills, e.g., who don't present themselves well in interviews or who don't know how to identify potential employers.

The drawbacks to this approach are that (1) the effect of participation in these group sessions tends to diminish over time and (2) they are not appropriate unless there are suitable job opportunities in the local labor market. Nonetheless, even though some studies indicate that their effect is short-term, I think that this approach is reasonable and cost-effective for food stamp recipients. Moreover, since participation in these group job search activities lasts two or three weeks, they are effective in deterring recipients with no interest in job search and in identifying those who already hold jobs that they are not reporting.

Over the longer term, the best strategies to help recipients obtain employment are to provide training and work experience. While these strategies are generally more costly, they are the only ones likely to have long-term effects on recipients. While there is a great deal of conflicting evidence about what type of strategy is "best," I believe that work experience combined with on-the-job training represents the most effective approach for persons with little prior work experience and few job skills. Unfortunately, the amount of supervision and training—as well as the duration of the jobs—that might be provided under workfare will generally be too little to have the desired effect.

Employment and training programs that are effective entail significant investments. Given the cost constraints in the Food Stamp Program, a reasonable strategy is to ration work experience positions so that only those recipients who indicate a desire to participate will be assigned.

Question 2. What do you think would be a reasonable strategy to help food stamp recipients find jobs?

Answer. A reasonable strategy would be to concentrate efforts on job search requirements that both test an individual's willingness to accept and look for work *and* provide meaningful assistance to recipients who are complying with the requirement. Job finding clubs are one good example of the type of strategy. I do not believe that workfare constitutes a reasonable approach since it is likely to be more

costly, more difficult to manage, and will not be effectively implemented in a large number of jurisdictions.

Question 3. Will the work experience that food stamp recipients receive on workfare projects have a significant influence on their likely future employment prospects?

Answer. The quality of the work experience that food stamp recipients receive on workfare projects is likely to be very variable. As a general rule, I believe that the work experience in workfare will not be significant in improving the employment prospects of recipients. While work experience combined with on-the-job training can be an excellent service for low-income individuals, its usefulness in most workfare projects would be compromised by the following:

1. The private non-profit and public employers who provide the work experience are not reimbursed for supervision, training, or supplies. Given the severe budget constraints most agencies work under, it is unlikely that they will provide effective supervision or training themselves.
2. Given the short-term nature of most workfare placements, there is no attempt to integrate recipients into the workforce.
3. The relatively few hours per week that most recipients work in such placements also makes it unlikely that useful skills or work habits will be acquired.
4. The workfare experience may not help the recipient since it identifies the recipient as being on food stamps. Some employers will not look favorably on any job experience carried out as part of a mandatory requirement in the Food Stamp Program.

Senator HAWKINS. Thank you. Mr. Germanis.

STATEMENT OF PETER GERMANIS, POLICY ANALYST, THE HERITAGE FOUNDATION

Mr. GERMANIS. Thank you, Senator. I would like to thank you for this opportunity to testify.

Because many of the speakers before me have already summarized a lot of my points, I will only take a minute or two to touch on the main points.[1] I would like, however, to submit for the record, if possible, a copy of a paper I did for the Heritage Foundation, entitled "Workfare: Breaking the Poverty Cycle."

When considering a workfare requirement for welfare programs, I think it's important to keep five important advantages to such a program in mind.

First, the community receives something in exchange for its assistance. All communities surely have work that needs to be done but has been ignored because of budgetary constraints. Admittedly, workfare participants' contributions may be small, but, since the welfare grants would be paid whether or not work is performed, the community's gain nevertheless is real.

Second, participants in the program may find that their attractiveness to potential employers has been enhanced through their exposure to a working environment. Even if the jobs provided give little in the way of training, they introduce work disciplines. Such informal training encourages development of crucial work habits, such as punctuality, dependability, and good working relations with fellow workers. The work experience also gives participants a chance to gain the kind of references, such as a letter of recommendation, which will help them in future job searches.

A workfare program may help also to instill the American work ethic not only in the program's participants but in their children as well, who would become accustomed to seeing their parents working for a living.

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[1] See p. 137 for the prepared statement of Mr. Germanis.

A workfare program may reduce welfare costs by deterring some persons who should be self-supporting from remaining on welfare. Though this isn't intended as a primary objective, workfare's deterrent effect may reduce the burden on the taxpayer and may make more money available for those in genuine need.

And, finally, a program of workfare may increase the public support for welfare programs by assuring taxpayers that all those capable of working are in fact doing so. Numerous opinion polls have also shown that 80 to 90 percent of the population favor a program in which recipients of welfare work for their benefits.

In my paper for the Heritage Foundation, I also examine the cost effectiveness of several of the AFDC work programs, and while the evidence from the current and past experiences in mandatory work programs is mixed, I think there is every indication that if these programs are properly administered they can work. And, as my colleague pointed out, you must overcome the political and administrative problems in many of these.

In conclusion, I think it's important to stress that the purpose of workfare is not to put the poor to work on workfare projects, but to get them into the productive and rewarding labor force by improving the incentives for serious job search.

My testimony has been brief, because, as I said, many of the previous speakers have already touched on these issues, but I would be more than glad to try to answer any specific questions.

[Questions submitted by Senator Helms to Mr. Germanis and answers thereto:]

Question 1. One witness testified that he believed that workfare caused a "stigmatizing effect" and that "employment prospects may in fact be diminished". You indicated that participants "may find that their attractiveness to potential employers has been enhanced through their exposure to a working environment". How do you respond to the other testimony, and on what basis of information do you make your statement?

Answer. I believe that the "stigmatizing effect" referred to by one witness does not stem from workfare, but from the welfare system itself. Workfare reduces the stigma of welfare by enhancing the self-respect of many welfare recipients. For example, The Wall Street Journal reported the experience of one worker in Utah's Work Experience and Training Program who, when assigned to a neighborhood maintenance crew, regained some dignity. "I could walk up to my neighbor and say I earn my welfare money," he said, "it's honest."

William Lusher, a 22 year-old workfare participant in West Virginia, also spoke highly of the program: "I love it. Before I got this job, I didn't even want to cash my welfare check. Now that I'm working, I know that I earned the money; I can go anywhere, and it doesn't bother me that I'm on welfare." Dr. Leon Ginsburg, West Virginia's Commissioner of Welfare, found this attitude prevalent among many of the other participants in his state, as well as in other parts of the country. Many workfare participants, therefore, experience no "stigmatizing effect" and some actually gain self-respect from earning their welfare benefit.

Question 2. To what public opinion polls do you refer concerning the public's support for the workfare concept for public assistance recipients?

Answer. According to a Congressional Research Service study, both nationwide and local polls reveal that 80 to 90 percent of the population believe that welfare recipients should be required to work in exchange for their benefits (see Royal P. Shipp, "Workfare in AFDC and Food Stamps," Congressional Research Service *Issue Brief* No. IB81149, July 6, 1982, p. 8). For example, 93 percent of those surveyed in a 1977 NBC News Poll answered "yes" to the question: "Do you think that those people who receive welfare and are capable of working should be required to work at public service jobs in order to receive their checks?" On a more local level, the voters of San Diego County were asked on their November 4, 1980 general election ballot: "Should the county of San Diego, where legally possible, deny welfare benefits to able-bodied recipients who refuse to perform work in return for welfare bene-

fits?" In this survey, 89 percent answered in the affirmitive (See Christine Adamec, "Workfare Works," Conservative Digest, March 1983, p. 44).

Question 3. Do you have any information on what is the effect on recipients of a workfare obligation?

Answer. The effect of a workfare obligation will vary across individuals, depending upon their particular circumstances. For some, the exposure to a working environment will enhance their future employment prospects in the private sector by providing training and/or introducing work disciplines. For others, such as the temporarily unemployed, it may keep these skills and habits from deteriorating. Moreover, a workfare program may instill the American work ethic in its participants. These benefits could very well spillover to the children of the program participants as they become accustomed to seeing their parents working for a living. Even in the case where a workfare obligation confers no benefit upon the recipient, however, it also does not impose an unreasonable cost. The community receives something in return for its assistance without unduly restricting the opportunities of program participants to search for other employment.

Senator HAWKINS. In your study do you have any figures as to what the administrative costs are?

Mr. GERMANIS. No, my study didn't look into these costs in such great detail. I basically looked at experience in California, Utah, and some other States, and I found that, for instance, the program in California proved to be ineffective basically because of administrative problems—for instance, the State legislature voted in 1974 to abolish the program, which never really gave many of the counties an incentive to work hard at making the program work. And I found that to be a problem.

In other States, such as West Virginia, it appears that the program has succeeded in providing cost-effective programs.

Senator HAWKINS. I am intrigued about your comment about the American work ethic which we are all so proud of, and it brings to mind so many examples. I know where wealthy people will pay someone else to employ their child. The employer doesn't need that particular person nor could they afford it with the withholding and all of that. But I could name several that I know currently. One works at a service station, another one at a restaurant—to teach their child, who does not need the money, the discipline of being prompt and responsible.

And it is interesting that there is no other, that I can recall offhand, experience that teaches this except having the responsibility to be there every day and having to be on time and having to look neat and clean, those things seem to escape your life pattern if indeed some portion of that time you haven't been employed.

There is a conflict in my mind that we are talking about hurting people, by doing this; at the same time we happen to know that the studies have shown that the wealthy like their children to work and get work experience, will put their children in play school at a very early age.

Did you find that in your study, the conflict of wealthy versus poor?

Mr. GERMANIS. I didn't really look into that.

Senator HAWKINS. How about you?

Mr. RODGERS. Well, I think whenever they have looked at some of the relative work ethic between, you know, upper and lower income people, they tend to find that lower income people have a pretty strong work ethic, too.

But, you know, we needn't be naive about the fact: there are certain kinds of jobs under certain circumstances, typically low-wage, maybe unpleasant jobs that some people won't take, that have been taken I think in this country by illegal aliens in many cases.

The question is: What is the best way—if one agrees that there is an obligation when you are on relief, on food stamps or on AFDC, to fulfill some obligation of the work, what's the most promising policy to take to arrive at that point?

And I think—first of all, I've said that there are real serious administrative difficulties in trying to implement that policy in local agencies.

I think, though, that the question of the general work ethic of the poor is not really at issue so much here; I mean, everything sort of indicates that they have just as much of a work ethic as any other segment of the population. It is just a question of when you have somebody—the public dilemma comes when you have somebody who is receiving public assistance and there are jobs out there that you know are not being filled in good economic times, and what is the best modality to address that issue?

And I think there are probably better ways to do that and ways that actually can enhance the future of those people to secure their own self-support. I think of some of the techniques that are being tried right now in terms of counseling and job search, which really seem to have a fairly strong payoff, which don't only have a punitive effort, although obviously they do enforce the requirement that people show up and attend these sessions.

But they also do what I think we have not done enough of recently, and that is they do make an investment in these people's skills and attitudes which goes beyond the sort of notion of just enforcing obligations.

Senator HAWKINS. The study you referred to in Minnesota, is that attached to your statement?

Mr. RODGERS. I could bring a stack of documents dealing with the study in Minnesota. I extracted from one particular study; I cited some of the statistics.

Senator HAWKINS. Who did you do it for?

Mr. RODGERS. That was from the Department of Labor, Employment Training Administration. And, as I say, I can make available—since I was with the firm that did that, I can make it available.

Senator HAWKINS. It was a statewide study?

Mr. RODGERS. It was a study that covered a part of the State; it covered the cities of St. Paul and Minneapolis and seven rural counties. And there were both what we called treatment counties, those who participated, and control counties.

Senator HAWKINS. I would like to know that if the staff needs any of your additional information. Thank you so much both of you for helping us with this dilemma, with your recommendations.

The hearing is adjourned.

[Whereupon, at 1:58 p.m, the committee adjourned, subject to call of the Chair.]

APPENDIX

STATEMENT OF HON. DAVID PRYOR, A U.S. SENATOR FROM ARKANSAS

In light of the administration's proposal to make the currently optional workfare program mandatory, I am pleased that we will be given an opportunity to hear testimony on: (1) The effect of existing workfare requirements to recipients in other programs, including aid to families with dependent children and the state local general assistance program; and (2) the application of such workfare requirements on able-bodied recipients in the food stamp program.

During consideration of the Food Stamp Act of 1977, the Committee on Agriculture, Nutrition, and Forestry deliberated the issue of workfare. The committee believed that in order to ascertain how practical it was to have workfare requirements, it was necesary to conduct demonstration projects.

Since 1977, the committee has continued to modify and expand the workfare program. However, I believe that before the committee proceeds to mandate this program, we need to know how the States view such a proposal and whether the program has proven to be cost effective.

Mr. Chairman, I look forward to hearing the Department's testimony and the testimony of the other witnesses.

[The following article was submitted by Senator Huddleston:]

[From the National Journal, Feb. 26, 1983]

THE WORKFARE ETHIC

(By Linda E. Demkovich)

For the third year in a row, the Reagan Administration is asking Congress to make it mandatory for the states to put welfare recipients to work at unpaid jobs as an eligibility requirement for receiving benefits. But if the states have anything to say about it, Congress's answer will again be negative.

It's not that the states don't like the "workfare" idea, but they still are not convinced that the plan President Reagan is promoting—the community work experience program tested in California during his tenure as a governor—is either the fairest or the most cost-effective. They want to retain the flexibility that they have now to design programs that meet their needs.

In 1981, Congress authorized states to implement workfare programs for able-bodied recipients of food stamps and aid to families with dependent children (AFDC) and gave them three prototypes from which to choose: work supplementation, in which states subsidize wages in lieu of welfare benefits; local work incentive (WIN) projects, providing recipients with jobs, job training and support services; and the community work program, favored by the Administration, which provides on-the-job training in exchange for benefits. Previously, states had needed special permission to run workfare demonstration projects, although many had instituted workfare as a requirement for the their for their general assistance recipients, who are paid wholly out of state and local money. *(See NJ, 7/4/81, p. 1201.)*

Since the law was changed, the states have acted apace to put workfare in place. But as surveys show, they have elected to experiment with all three models and in general have shunned implementing any one of them statewide until the results come in from the county experiments.

As of Feb. 7, according to the Health and Human Services Department (HHS), 18 states had put community work programs into operation for AFDC recipients; nine others had decided on demonstration programs. Only three states had enrolled their

entire AFDC population. In almost all the rest, the programs were operational in only a handful of counties.

The other options appear just as popular. HHS's survey found that 19 states had set up work incentive demonstrations. (The Administration's fiscal 1984 budget would eliminate the $271 million WIN program, which presumably would jeopardize those projects.) Meanwhile, nine states have opted to divert AFDC funds to jobs, and several were designing jobs search programs to help welfare recipients find work according to preliminary results from a National Governors' Association survey.

One reason for the states' caution is growing evidence that workfare, as defined by the Administration, is expensive and not cost-effective. On Jan. 12, for example, Tazewell County, in southwestern Virginia, discontinued its workfare program for lack of funds. Changes in the AFDC rules, including one requiring the county to pay each participant $25 to cover transportation costs, meant that the county's share of costs would rise from $25,000 a year to $117,000, an increase it judged prohibitive.

In Texas, the potential cost of workfare is also a concern. Start-up costs for a proposed community work program would come to more than $24.3 million, and officials say they doubt the program would save the state enough to offset outlays. For now, Texas will explore expanding either its work incentive or its jobs search program, "whichever turns out to be the most cost-effective," a human services department official said.

In neighboring Oklahoma, however, officials are pleased with the community work program that was launched in 1982. John Searle, a program planner with the state's human services department, said it has placed 5,500 AFDC mothers in jobs this year, compared with 2,400 the year before under a work incentive project. At the same time, Searle said, AFDC costs have dropped from $7.5 million in September 1981 to $5.9 million last December. Part of the decrease, he said, resulted from other changes Congress made in the program in 1981; but he also credits workfare with some of the savings. He estimated total implementation costs at about $4 million.

Searle said the right attitude is the key to running a successful workfare program. If the state's motive is getting AFDC mothers to "pay back" their debt to society, it probably won't work. If, as in Oklahoma, the idea is to provide the poor with training and experience so that they can get worthwhile work, it can provide payoffs to recipients and taxpayers alike.

Critics of the workfare concept, even if they concede some deterrent effect, say that sensitivity on the part of state officials is lacking all too often. "Of particular concern," said Jobs Watch, a project of Catholic University of America's Center for National Policy Review, in a report last December, "is the tendency to sanction recipients . . . for minor violations such as tardiness or 'inadequate' performance."

The kinds of jobs being parceled out also concern the critics. Meaningful work that will give welfare mothers a sense of worth and a step up the career ladder are scarce, they say. It is ironic, said Nancy Amidei, director of the Food Research and Action Center, that Reagan opposes "make-work" jobs for the unemployed but seems to think they're fine for the poor.

Finally, the critics say that workfare participants are displacing regular workers. Mary Griswald, executive director of the Worker Rights Institute in Milwaukee, said that under the program the city implemented several years ago, as many as 1,000 workers lost their jobs to workfare. Workfare, Griswald said, gives employers a cheap pool of labor. "When you work without wages," she said, "it's called slavery."

The Jobs Watch report supports Griswald's contention that public opposition to workfare is growing. In five states, including Wisconsin, it said, community groups have headed off or limited the scope of the programs, and "anti-workfare sentiment elsewhere seems to be growing."

If Congress heeds a report sent to it by the General Accounting Office (GAO) on Feb. 1, it may be even more persuaded of the need to go slowly. HHS's approach to evaluating community work programs, the GAO said, "has yielded almost no information on workfare's success." Until the department strengthens its oversight, the report said, "policy decisions will have to be made without knowing whether workfare has worked."

STATEMENT OF JOHN BODE, DEPUTY ASSISTANT SECRETARY
FOR FOOD AND CONSUMER SERVICES,
U.S. DEPARTMENT OF AGRICULTURE

Mr. Chairman and members of the Committee, thank you for the opportunity to discuss this Administration's legislative proposal for mandatory community work experience under the Food Stamp Program.

Workfare programs have been called different names over the years, such as work relief and work for benefits. This Administration's workfare program is referred to as the Community Work Experience Program (CWEP).

The idea behind community work experience is simply that an employable recipient would provide a public service by working for a government unit or a private nonprofit organization in exchange for his or her public assistance payments, valued at the minimum wage. Such an individual does not receive a salary but is expected to work for the amount of benefits received.

The principal rationale for community work experience are compelling. It provides welfare recipients with beneficial work experience and encourages the transition to economic independence. It establishes an equitable system in which those who can work will work. Workfare also provides a contribution to the communities in which it is implemented. Finally, workfare, in particular our CWEP proposal, has significant Federal budgetary impact at a time when it is very important to restrain the size of the Federal deficit.

This Administration has had a long term interest in the program, going

back to 1972. While he was Governor of California, President Reagan instituted a successful three-year community work experience program for able-bodied, employable welfare recipients who were not involved in the work incentive (WIN) program.

To encourage this "work-for-benefit" philosophy, this Administration has incorporated some workfare rules into the food stamp and AFDC programs. When President Reagan signed the Food Stamp and Commodity Distribution Amendments of 1981, he made workfare an ongoing program option, available to any State or local political jurisdiction. In those States which chose to operate workfare programs, food stamp recipients required to register for work in the regular food stamp program, would be eligible for workfare assignments. Those persons who would be exempt from workfare, would be persons who are aged or disabled, persons responsible for the care of a dependent child under six and persons needed in the home to care for an aged or disabled person. Our Department issued final Optional Workfare Program regulations on October 8, 1982. These regulations included the following features:

- o We enlarged the proportion of the food stamp population subject to workfare. Recipients who have previously been exempt from workfare because they were receiving unemployment benefits or working fewer than 20 hours a week in the WIN or CWEP programs, were no longer exempt.

- o We dropped the earned income exclusion, that has had families with earned income working only for the portion of their food stamp benefits that exceeded their income. Now all workfare households must work in exchange for their full monthly allotment.

- We gave communities the option of eliminating or reducing the 30-day job search period. This enabled them to place participants at workfare sites more quickly.

- We increased the penalty for households that refused to complete their workfare obligation. Now the whole household -- not just the member referred to workfare -- may lose their benefits. And, the entire household rather than the workfare member will be disqualified for two months rather than for one.

- And, we required that workfare participants be reimbursed for their workfare expenses, such as travel and day care costs, up to $25 a month.

To develop the changes in the community work experience program design we have relied heavily upon the results garnered from the workfare demonstration projects. The demonstrations were conducted in two phases as mandated by the Food Stamp Acts of 1977 and 1980. The Food Stamp Act of 1977 mandated that the Department implement pilot projects involving the performance of work by food stamp recipients in return for food benefits, and report to Congress on the results of such projects. In response to this mandate, seven sites were selected. They operated between July 1979 and November 1980. The 1980 Amendments of the Food Stamp Act provided for the project to be extended and the project application process to be re-opened. It also provided for the addition of 50 percent of Federal funding for administrative costs. Finally, it required that the report on the projects cover their operation from commencement through September 30, 1981. Fourteen sites were selected and their projects implemented by January 31, 1981. The last site ceased participation as a workfare project sponsor in February 1982. The

Department has already submitted to Congress reports on the first seven pilot projects. The report on the second set of fourteen sites will be submitted to Congress by the Fall of this year.

The results from the demonstration projects have clearly shown that it is administratively feasible to operate cost-effective community work experience programs that provide meaningful work experiences for participants.

We have learned that the workfare program has been administratively feasible in the communities that volunteered to test the concept. We found that the costs and benefits at the first set of demonstrations about equalled each other. But data from the second set of sites suggests that benefits can be increased as communities get past the initial costs of setting up the program. The fact that some sites elected to continue workfare after the demonstration ended suggests that they did not find their costs outstripped benefits.

It's important to add here that the seven pilot projects that participated in the first year of workfare did not receive federal matching monies. We began matching administrative costs the second year -- this helped us increase the number of projects, since more communities volunteered --and it had some effect on reducing the projects administrative overhead. Our new optional workfare regulations continue the provision for a federal match.

Some other things we've learned from the projects had to do with workfare participants. During the course of the project those referred to workfare both performed many hours of public service work and also left the food stamp rolls faster than similar people in communities without workfare.

Some decline in participation could be a result of food stamp recipients gaining encouragement about their own potential to secure unsubsidized employment.

Consider this exerpt from a letter sent to the San Diego workfare staff from one of their former referrals:

> Now that I have found a job, I just wanted to let you know that being on the workfare program was a very good thing for me. Being in an office situation again helped me to realize that I really enjoy that type of work. I had very little confidence in myself when I first came in there but finding that I could handle the work given to me and being able to practice typing there gave me the incentive to go and take the county tests.

Others had similar experiences — learning new skills and meeting potential employers. One young man, for instance, received training in repairing police car radios. He proved so skillful in his workfare position that he was quickly snapped up by a major radio and electronics corporation.

The other source of benefits from workfare are reductions in food stamp benefits. The reduction in food stamp benefits occurred for several reasons. To the extent that workfare encouraged participants to search for jobs and helped them gain skills, some people were able to get jobs faster than they otherwise would have without workfare. These people could then leave the food stamp program.

Some savings also occurred because recipients refused to accept their workfare assignments and lost their benefits. Overall, we estimate that

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$316,000 in food stamp benefit savings had occurred during the second set of pilots by October 31, 1981. As of that time, 25,750 people had been referred to workfare.

We are pleased with the evaluation results from the first set of demonstration projects as well as the early results from the second set of sites. In summary, we have learned that:

- o workfare increased access to paying jobs for participants;
- o participants made positive contributions to their communities through their work at workfare job sites;
- o workfare helped participants develop or practice job skills,
- o workfare was administratively feasible.

The Administration is submitting to Congress a bill to amend the Food Stamp Act of 1977, as amended, which includes a provision to make the community work experience program mandatory for all persons required to comply with the Food Stamp Program's work requirements. The Administration's proposal would also establish greater conformity between the food stamp work requirements and those of the AFDC program. The work requirements would be extended to 16-and 17-year-olds (unless they are under parental control of a household member. Also, food stamp applicants would be required to meet job search requirements). Job search is now required of applicants only if State agencies exercise their option to mandate it. Further, food stamp State agencies would be given the same option that AFDC State agencies have to extend work requirements to

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caretakers of children between three and six years old, when child care is available. Finally, the exemption from the work requirements now provided for students would be deleted.

Summary

There are common sense reasons for supporting the Administration's proposal for a mandatory community work experience program. First, community work experience provides an opportunity for individuals to gain work experience which may lead to employment. Food stamp recipients would have a way to return something to the community for the support provided through the Food Stamp Program. Community work experience can also help these people find the paying jobs they would prefer by providing work experience, even opportunities to enhance their skills, and by conveying the positive message that work is important.

Second, the workfare process serves to identify those otherwise able-bodied and employable people who don't wish to work and provides them a strong incentive to do so.

Finally, it is estimated that the proposal would save $90 million in Fiscal Year 1984. Effective administration would realize these savings by making it possible for individuals to find regular employment, thus, becoming ineligible or entitled for smaller benefits.

In summary, we believe that the community work experience program addresses human needs as well as economic needs.

This concludes my statement. I will be glad to answer any questions you may have at this time.

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STATEMENT OF DR. DAVID W. STEVENS, PROFESSOR OF ECONOMICS,

UNIVERSITY OF MISSOURI-COLUMBIA, COLUMBIA, MO.

I welcome this opportunity to appear before this Committee to offer my views about the workfare concept, as it is applied in a mandatory context in the food stamp program.

My observations are based on fifteen years of professional involvement in the assessment of governmental attempts to assist unemployed persons to return to productive activity. I approach the questions that concern you from the perspective of an experienced third-party observer of day-to-day administrative practices. The conclusions that I have reached are based on common sense interpretations of organizational incentives and human behavior. I challenge you to offer compelling evidence that my expectations are inconsistent with what any knowledgeable observer would expect to find.

I assume that the objectives of mandatory workfare in the foodstamp program are to:

- acquire valuable public services in return for the provision of food stamp assistance;
- encourage employment; and,
- serve as a deterrent to program abuse.

I also assume that:

- some food stamp recipients will be exempted from obligatory service, while others will be required to accept work to maintain eligibility;
- proponents believe that it is feasible to make a determination of which recipients fall in each of these categories;
- the operating agency is believed by proponents to be an appropriate organization to make this determination; and,
- this can be done in a routine manner.

I contend that a mandatory approach is virtually certain to impede progress toward successful fiscal control of the food stamp program.

I have no doubt that any target number of certifications can be achieved by appropriate adjustments in continuing eligibility requirements. So, my point is not that some version of mandatory workfare is not available as a component of such a package of program requirements. Instead, my point is that many untoward consequences would be expected to accompany such an approach, which explains why so much timidity has been observed in the adoption of such provisions to date.

Having said that untoward consequences are certain to arise, I must confess that many of these effects are unlikely to be recorded as liabilities of the food stamp program per se. This, of course, explains why the concept of mandatory workfare has so much surface appeal: The benefits are immediate and measureable, while at least some of the costs are less amenable to reliable estimation. This is why the exercise of common sense is called for: What weaknesses, or logical faults, do you find in the following story about how a mandatory workfare program actually functions at the local level?

The first step in establishing a mandatory workfare program is obviously to decide what exemption criteria will be adopted. An objective, in doing so, is to assure an acceptable degree of target efficiency (i.e., creating a pool of nonexempted recipients who differ in important ways from those who are exempted.) Anyone who has spent time with local agency staff members knows that substantial unevenness is exhibited in the application of whatever criteria are chosen. Ultimately, the courts usually determine whether an acceptable degree of horizontal equity (treating similarly circumstanced persons alike) has been practiced. I cannot dwell on this point in this brief statement, but consider the following question: Is exemption granted largely because of an unwillingness to commit sufficient supportive services resources to permit nonexemption, or is it thought to be inappropriate to expect recipients who fall in these categories to provide public service? (It is also important to remember that not all of the pertinent exemption criteria are "once-and-for-always" conditions. Practical administration of timely exemption determinations is no easy matter.)

Assume, for the moment, that we have accomplished the exemption determination task. We now have a highly unstable roster of recipients who have been judged appropriate for mandatory workfare. The second step is to secure the cooperation of public agencies that will offer job site assignment opportunities. At this point, a variety of practical difficulties arise:

- Agency administrators may offer positions without adequate consultation with subordinate supervisors and potential coworkers with the workfare referral.
- Agency administrators may establish referral criteria of their own, which may conflict with the priorities of the operating agency.
- Inadequate attention is likely to be given to questions about job performance expectations.

Place yourself in a role-playing status in various staff positions in such a cooperating agency. A high-level administrator makes a commitment of slots, which is consistent with an important external party's request for agency cooperation. This commitment must then be translated into actual positions. Recalling the requirement that no substitution for regular staff positions can occur, think about the practical limits that immediately appear on the range of positions that can be made available. Assume, though, that you succeed in this task. Now, a supervisor must be told that a workfare participant will be assigned. How much discretion will be delegated in the initial decision about a specific referral's acceptability? How much latitude will be given the supervisor in imposing normal job performance standards? What expectations will be placed on the supervisor's other employees with respect to training responsibilities? What incentives will be provided to the supervisor for accepting this responsibility? What employee rights will be offered to the referral, and what employee responsibilities will be expected?

If you have taken the role-playing challenge seriously, you are likely to have concluded that it will be easiest to offer peripheral positions; i.e., slots that have little bearing on the day-to-day performance of the cooperating agency's own mission. In this context, little training is likely to be offered, limited job performance expectations are likely to be enunciated, and little attention is likely to be devoted to noncompliance with even these limited expectations.

If you resist the conclusion that the job slots offered are going to be peripheral to ongoing cooperating agency mission accomplishment, then you must grapple with the greater likelihood

of regular employee substitution, as you draw closer to the core personnel complement. In addition, you must explain how these more essential responsibilities are going to be met with limited commitment of screening resources, and an expectation of limited duration stays by individual incumbents in the assigned slots.

Up to this point, no mention has been made of the part-time nature of the assignments. With acknowledged, but restricted, exceptions, the administrative costs associated with part-time assignments are going to be a deterrent to agency cooperation.

To me, the inescapable conclusion is that peripheral job assignment opportunities will be offered, which, at a minimum, offer relatively little public service contribution, while risking exposure of the assignee to unrealistically low employee performance standards.

It should be apparent that I do not think that substantial valuable public services will be forthcoming through the vehicle of a mandatory workfare obligation. To the extent that you read the historical record differently, I predict that exceptions will be characterized by challenges on the basis of regular employee substitution.

But valuable public service provision is only one of three stated objectives of mandatory workfare. A second stated objective is to encourage regular employment. How is such encouragement expected to occur, in practical terms? Assignment to a peripheral slot, with abnormal supervisory expectations, is surely not such an encouragement, except, perhaps, in the negative sense that it is something to be escaped from! (Here, I certainly agree with the Administration view that "make-work" jobs are inappropriate, if there is a better alternative.) Similarly, encouragement is unlikely to come from credentials enhancement. In fact, the assignment will serve as a stigmatizing experience from the perspective of some subsequent prospective employers. There is one possible encouragement: An assignee may receive consideration for a permanent position with a cooperating agency, which would not have been forthcoming otherwise. There is nothing in the mandatory requirements of workfare that enhances this priority. Indeed, I will describe below ways in which mandated assignment interferes with effective screening procedures.

There remains, then, the deterrent effect as a mandatory workfare objective. Presumably, what proponents of the workfare concept seek to deter is malingering; i.e., too frequent, or too long, a dependence on food stamp support, when the recipient should be self-supporting. (I have published a number of items on this topic, from the perspective of unemployment compensation recipients, and I urge you to review the highlights of those materials, which are cited at the end of this testimony.) There are two practical matters to be dealt with here:

- Is it necessary, or appropriate, to test a designated food stamp recipient's willingness to accept employment?

- Is it possible, in a routine administrative manner, to conduct such a test?

Your answer to the first question really doesn't matter, because the answer to the second question has, to my satisfaction, been shown to be a consistent "no". In other words, it doesn't matter whether we have different opinions about the public's desire to test a food stamp recipient's willingness to accept work. Our ability to administer this test through existing, or imaginable organizational settings, fails to pass muster.

I am not appealing to the economist's standard benefit-cost approach, because there are no available evaluations that

offer reliable evidence about the comprehensive costs and benefits of mandatory tests of willingness to accept work. Yes, there are many studies; but, I repeat, there are no reliable estimates of the type that are needed. However, I place a low priority on acquiring such estimates, because a thoughtful consideration of the organizational and individual carrots and sticks that are involved leads one to the inevitable conclusion that the effort isn't likely to be worthwhile.

Why am I so confident that reasonable observers will reach a common conclusion? Because in similar forums in the past I have heard no compelling contradictory evidence presented. The individual procedural steps, which are necessary to assure compliance with due process guarantees (and appropriate management practices,) simply absorb too much staff time to make consistent testing viable. All of the evidence that I have seen suggests that substantial goal displacement (carrying out one's daily responsibilities in a way that is inconsistent with established administrative procedures) occurs, particularly at the client service level. One staff member may be very protective of his or her client's status. If so, there are ample discretion points in the exemption or assignment processes to assure that this protective emotion can be acted upon. Another staff member may believe that most clients are abusing the system, and set about systematically creating intolerable conditions for client maintenance of continuing certification. Again, with varying exceptions, which are heavily dependent upon external advocacy and client awareness of rights, sufficient discretionary latitude probably exists in many cases to permit this staff member's successful accomplishment of his or her objective. What we have here is likely to be a case of similarly circumstanced recipients being treated quite differently. Differences of opinion about what "similar circumstances" means could be debated, but doing so misses the point. If recipients want to work, there are established voluntary channels available to make their availability known to interested public- and private-sector employers. If recipients don't want to work, staff member and organizational incentives simply don't exist to consistently apply sanctions for noncompliance.

Extreme caution must be exercised when anecdotal information is interpreted. The food stamp recipient population exhibits many "employment access" deficiencies that may be unfamiliar to many of us who have reliable transportation, no child-care responsibilities, and few health problems. Any local agency staff person will tell you that frequent "good causes" arise for recipient failure to appear for a scheduled interview, or for recurring absences from work. This may be frustrating to some observers who would like to tighten the rules for defining noncomplying behavior. (It is equally frustrating to many of the individuals who have limited control over their economic lives.) But, we can't "wish" it otherwise. We must consider practical approaches to resolving what are considered to be unacceptable current conditions.

What defensible, and practical, advice do I offer? First, I would say: Read the signals that are being sent by the states and substate areas. Why are state and local elected officials expressing limited enthusiasm for mandatory workfare? I think it is because they recognize the administrative difficulties that are involved, and they see insufficient reward for participating. Mandatory public agency participation can be secured, but individual staff member cooperation is less amenable to control. It is difficult to imagine how administrative regulations could effectively control individual staff member discretion in protecting client rights. Of course, federal funds allocations can be wielded as a blunt instrument to reduce eligibility pools, but the effects of such an approach on target efficiency can be easily spelled out.

Second, I would say: Recognize the uncertainties that have led incumbent public sector employees to protect themselves from the vagaries of subsidized competition in the form of mandatory workfare participants. The efforts of these insecure incumbents

to protect themselves may meet with uneven success, but the effort itself, in these times, dooms any prospect of securing substantial employment opportunity for mandatory workfare participants. (Again, it doesn't matter how one feels about the propriety of these incumbents' actions. The practical consequence of their legal actions is to severely limit the scope of job site assignments that will occur.)

Third, I would say: Local employers, both public- and private-sector, know where to find unutilized human energies. If there are available jobs, and the employers have exhausted any sources of prospective employees that they place ahead of the state job service, they always have the opportunity to request referral of nonexempt food stamp recipients, as candidates for regular employment. Indeed, one of the major reasons why mandated workfare is such a poor administrative choice is precisely because many people accept regular employment through a variety of formal and informal search approaches within such a short period of time that workfare assignment is impractical.

Fourth, I would say: An unknown number of food stamp recipients will voluntarily contribute their energies to the provision of public services, if doing so is seen as a potential vehicle to improved future job prospects. The number may not be large; but then, the improvement of prospects is probably correspondingly small.

And finally, I would say: Exercise caution in achieving immediate visible savings, through food stamp certification reductions, at the expense of the longer-lasting positive, but now hidden, benefits that might otherwise accompany the provision of professional staff services at the client-contact level.

Yes, I believe that there are unmet valuable public service needs; and, yes, I agree that there are food stamp recipients who are now, and will be in the future, abusing the intention of the program. However, fifteen years of examination of public agency management practices and staff behavior, combined with some common sense about their motives and incentives, suggest that mandatory assignment to workfare job slots offers a very poor taxpayer bargain.

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STATEMENT OF JOHN EDWARD BURDETTE, DEPUTY COMMISSIONER OF WELFARE, STATE OF WEST VIRGINIA, REPRESENTING LEON H. GINSBERG, COMMISSIONER

WORK PROGRAMS IN WEST VIRGINIA

Mr. Chairman, my name is John Edward Burdette, and I am Deputy Commissioner of the West Virginia Department of Welfare. I am representing Welfare Commissioner Leon H. Ginsberg who originally received the invitation to appear here today.

The State of West Virginia has sponsored work programs over a period of many years. For a variety of social, economic, and historic factors, work programs for the disadvantaged have been popular and successful in West Virginia. The Dollar an Hour Program for unemployed fathers was particularly beneficial in the early 1960's, when tens of thousands of West Virginia wage earners were unemployed because of changes in the market for coal.

The Title V Work Experience Program of the Economic Opportunity Act of 1964 was also more successful in West Virginia than it was in other jurisdictions. It is still remembered by those who sponsored work for low income people and others. The Work Incentive Program or WIN also had special kinds of success in West Virginia in terms of job placements, on-the-job training contracts, and self-placement in jobs by recipients of Aid to Families with Dependent Children. Therefore, the Community Work Experience Program operated by the West Virginia Department of Welfare inherits a long and positive tradition of work programs in West Virginia.

There are a number of factors which seem to contribute to the success of work programs in the State of West Virginia. The state, because of its coal mining-based economy, has traditionally experienced periods of boom and bust. People who have been fully employed, near wealthy, and affluent, have historically experienced reversals in their personal circumstances. Being in financial difficulty, even after having been economically strong for years, is an experience shared by many West Virginians. Therefore, the disgrace associated with economic need, which is experienced in some other states and regions, is not always experienced in the same way in West Virginia.

West Virginia is also traditionally a working person's state. Most people have been employed all their lives and expect to work all their lives.

Many are self-employed. There is a kind of individual resourcefulness historically significant in the state in which people have tended to find their own ways to support themselves. The population of West Virginia is relatively level in its economic strength. Although there are large numbers of very wealthy people and large numbers of very poor people, the bulk of the population is relatively similar in its economic resources.

Since January, 1982, when Federal regulations permitted workfare programs, the West Virginia Department of Welfare has operated a community work experience program. This type of program is strongly supported by Governor John D. Rockefeller IV and Welfare Commissioner Leon H. Ginsberg.

The program has been limited to the Aid to Families with Dependent Children of the Unemployed category of public assistance because budgetary limitations did not permit a statewide program for all recipients. From this group of recipients who have been selected for participation in the Community Work Fxperience Program, those who are most willing to work and those who are without health problems, seem to have the best chance of obtaining permanent employment. Currently, an average of 2,600 people are actively participating in the work program each month. More than 6,400 have participated in this program since January, 1982. It is significant that 1,300 of the participants have left the program for regular employment, even though the state is experiencing an unemployment rate of nearly 15%.

In developing this program, one of the first steps taken was to contact local governmental leaders and officers of non-profit organizations to explain that the program would provide a source of labor for community projects at a low cost to them. At the same time, a discussion was held with them regarding their obligations--including Worker's Compensation coverage, quality supervision and evaluation, and some training. Also explained was the contract that each organization would be required to sign, which includes responsibilities of both parties as well as job descriptions to help assure proper placements and prevent program abuse.

Almost immediately, requests were received for placements from towns and eligible organizations for people to assist in jobs such as ambulance services, libraries, sanitation workers, and in some counties, police personnel.

Most surprising was the number of requests for placements received from

AFDC recipients. Recipients were seen on local TV stations, praising a program that preserved their dignity and gave them an opportunity to contribute to their local communities. After a year's experience, only 198 people have dropped out of the program due to participation problems.

The Community Work Experience participant in West Virginia works off his or her AFDC grant at the rate of $3.35 per hour. Since the maximum grant in West Virginia is $254 per month, the maximum number of hours worked is 75 per month. If the participant works 40 hours or less, an incentive of $15 is paid to offset work-related expenses. This payment is increased to $25 if the participant works more than 40 hours.

Throughout the participant's placement, there are frequent Department of Welfare staff contacts with the client and the supervisor to monitor the work experience and to continue the search for permanent, full-time employment.

Commissioner Ginsberg is of the opinion that we have, in this program, something very special that may well serve as a model for other states. Through workfare programs, a whole new approach to public assistance in the United States may be established. However, it is going to require some sophisticated development and research if it is going to serve as a model for helping the disadvantaged.

Commissioner Ginsberg recently told a task force of the House Budget Committee that the success of West Virginia's workfare program is no indication that the approach will work in other states. Different states have different economic and social conditions and different kinds of families, and it is possible that this kind of workfare won't work everywhere, he said. Some states do not provide assistance for unemployed parents; therefore, the group which has had so much success in West Virginia would not be eligible in some states. Consideration must also be given to the high cost of providing day care when single parent families are required to participate in the program.

Recent federal regulations, issued October 8, 1982, by the Department of Agriculture, permit an optional workfare program as a component of the food stamp program. Many of the current food stamp recipients are already working. The problem is that their earnings are not sufficient to support their families. Also, when compared with the AFDC category of assistance, the food stamp case load is a rather volatile client group as people move in and out of

this program with such frequency that the administrative costs of developing and keeping work sites filled could be extremely high. Another group of clients receive food stamp benefits so small that placement at a work site would not be cost effective.

There may be some merit in combining the AFDC grant and the food stamp allotment for a combined workfare assignment. This approach may avoid the administrative problems associated with client turnover and placement stability. Should this approach be employed, there should be provisions made to help offset the increased work-related expenses the clients would have to meet. There may also be some value in incorporating a job-search activity in a workfare program. In this situation the participant would work off the payments at a job site and spend some time each week, with proper assistance, searching for permanent, unsubsidized employment which should be the primary goal of the workfare program.

There are a great number of questions remaining unanswered about workfare. Does workfare really save money? Does it actually help people get off the AFDC rolls and into the work force? What is workfare's impact on fraud? While workfare seems to have a positive influence in these areas, the concept needs additional study.

West Virginia has just been awarded a 3-year grant from the Ford and Benedum Foundations to participate with the Manpower Development Research Corporation to study this program. I hope a number of these questions can be answered during the course of this study.

Mr. Chairman, this concludes my testimony. I will be happy to answer any questions the Committee may have and with your permission, I will forward, by mail, more detailed information related to this testimony.

CWEP JOB DESCRIPTIONS LIST

Aide, General
Aide, Child Care
Aide, Cook's
Aide, Delivery
Aide, Driver
Aide, Facility (DNR)
Aide, Health
Aide, Kitchen
Aide, Library
Aide, Office
Aide, Records Office
Aide, Senior Citizens
Aide, Teacher's
Aide, Training
Aide, Typing
Assistant, General
Assistant, Fire Station
Assistant, Program
Assistant, Sanitation
Assistant, Shop
Bill Collector
Box Office Worker
Carpenter
Carpenter's Helper
Cemetery Worker
Clerk, Book
Clerk, File
Clerk, General
Clerk, Typist
Clerical Assistant
Construction
Cook, Headstart
Coordinator, Activity
Counselor
Custodian
Dairy & Hay Operator (farm worker)
Director, Recreation
Dispatcher, General
Dispatcher, Night
Dock Worker
Driver, Truck
Driver, Ambulance
Driver, Bus
Driver, Van
Emergency Medical Technician
Fireman
Fire Department Worker
Flagman
Food Service Helper
Garage Worker
Groundskeeper
Guard, Crosswalk
Helper, General
Helper, Kitchen
Homemaker
Housing Crewman
Human Resource Worker
Janitor
Jailer
Kennel Person
Laborer
Library Assistant
Library Page
Maintenance
Manager, Assistant Plant
Mason
Mechanic, General
Mechanic, Tune-up
Mechanic's Helper
Meter Installer
Meter Maid
Meter Reader
Night Watchman
Operator, Equipment
Operator, Plant
Operator, Trainee
Outreach Worker
Painter
Paramedic
Parking Meter Patrol
Phone Answerer
Pipefitter
Police
Process Server
Receiptionist
Sanitation Worker
Secretary
Street Worker
Street Cleaner
Sorter
Supervisor, Bus Room
Teacher, Swimming
Teacher
Tender, Power Unit
Ticket Writer
Tutor
Typist
Utility Worker
Wares Handler
Wardrobe Worker
Water Plant Worker
Weatherization Worker

COMMUNITY WORK EXPERIENCE PROGRAM

FACT SHEET

March 4, 1983

On Board - 2,761

I. PARTICIPATION INFORMATION

1) Cumulative Number of Participants ---------- 6,439

2) Cumulative Number of Participants Leaving CWEP ---------- 3,678

3) Percentage of Turnover ---------- 57.1%

4) Cumulative Number Leaving for Employment ---------- 1,295

5) Percentage of Participants Leaving for Employment (#4 divided by #1) ---------- 20.1%

6) Cases Closed After Adjudication ---------- 198

7) Percentage of Participants Leaving for Employment of Total Leaving (#4 divided by #2) -------- 35.2%

II. SPONSOR INFORMATION

Effective March 4, 1983 ---------- 755 Sponsors

224 Cities, Towns and Municipalities

365 Public/Private, Not-for-Profit Agencies

Examples: Multi-Cap
Local Boards of Education
Public Libraries
Day Care Centers
Public Service Districts
Volunteer Fire Departments
Housing Authorities
Citizen's Recycling Councils

166 State Agencies (Sub-Contracts)

The 9 State Agencies we have contracts with are:

Department of Health
WV Supreme Court
Department of Natural Resources
Department of Agriculture
Farm Management Commission
Department of Corrections
Board of Regents
Department of Public Safety
Department of Education

cc: John E. Burdette, II (3/11/83)

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[From People Weekly, Jan. 10, 1983]

A West Virginia Town Picks Its Cops Off the Welfare Rolls, But No One Is Up in Arms

(By Karen S. Peterson and Peter Carlson)

Clad in an officer's uniform and packing a .38 revolver, Zack Leon Mitchell helps to keep the peace in the town of War, W. Va. The uniform on his back belongs to the local police department, but the gun is Mitchell's personal weapon. In fact, Mitchell is not really a policeman.He is an unemployed miner required to work part-time for his welfare check under the state's Community Work Experience Program, a plan known as "Workfare."

Mitchell is one of five welfare recipients now working in War as a police officer. He is required to labor 76 hours a month—a number determined by dividing his $254 welfare payment by the minimum wage of $3.35. But Mitchell, a 33-year-old father of three, is so enthusiastic about the Workfare program that he works extra hours for no pay. "This is the best idea anybody ever came up with," he says. "I looked for a job at 37 mines in three states and couldn't find nothing. I felt like I was cracked over the head when I went on welfare. But now that I'm out there taking a chance for my money, I feel differently about myself."

Public officials in War, a depressed coal town with a population of 2,158, are equally enthusiastic about Workfare. "It enables us to give the town round-the-clock, seven-days-a-week police protection without keeping our four regular police officers on call," says Floyd Jones, the Mayor. Police Chief Melvin Yost admits that he was anxious about the prospect of presiding over a squad of "welfare cops," but he too has been won over in the year since the War experiment began. "It makes me a little nervous having them on the street with guns," he says. "But we spent a lot of time talking that over. I tell them to use courtesy and don't jump into anything. We pick men with level heads, and we don't let 'em out without a regular police officer for up to a month." After receiving on-the-job training, they are allowed to make arrests. Thus far there have been no problems—well, almost none. "We did have one who ran a police car into a ditch going after a speeder," admits Yost, "but that's about all."

Workfare is an emergency program born of desperation in West Virginia. As the state's unemployment rate has soared to 15 percent, federal aid cutbacks have crippled local budgets for basic social services. Workfare was conceived not as a permanent solution to the welfare problem but as a way to use the army of unemployed to augment essential services. Leon Ginsberg, the state's Welfare Commissioner, explains: "We see this as a temporary measure to help maintain work skills, to perform useful community services, and to increase public confidence in assistance programs." To that extent, vouches Mayor Jones, the program is working in War and the surrounding county, McDowell, which has 35 percent unemployment.

Since last January 5,031 welfare clients have worked in part-time public service jobs through the program. About 150 welfare recipients have refused to work and been dropped from the welfare rolls. Although they are allowed an administrative appeal, none has taken Workfare to court and many seem happy with the program, which is unique to West Virginia. Diana Cooper, 36, a former fast-food store manager, now drives a bus for a senior citizens' nutrition center. Construction worker Allen Keaton, 27, cleans cages at an animal shelter. Ex-water-works employee Frankie Mullins is repairing furniture for Goodwill Industries. House painter Robert Bare, 55, is now making signs for the city of Nitro. Maintenance man Kenneth McCune, 43, is patching up a children's shelter in South Charleston—and glad to be of service. "People should contribute towards their keep." he says. "I'm helping myself and someone else."

But Workfare is not without problems. One, of course, is money. "It costs more to put people to work than to just give them checks," says Ginsberg. "We estimate that our clients' expenses plus our administrative bills will cost the state an extra $538,000 in fiscal 1983." Money woes have narrowed Workfare's focus. In order to avoid the cost of day care for children of welfare recipients, the program gives preference to workers from two-parent families, so far exempting 20,000 single parents from Workfare. Consequently, some 97 percent of Workfare jobs have gone to men—most of them among the healthiest and most employable of welfare recipients. "When we expand the program to reach more of the hard-core unemployed," admits Ginsberg, "we may have more trouble placing them."

Thus far the program has escaped one potential critcism: that it is a scheme to cut regular employee pay rates by forcing welfare recipients to work at minimum wages. But West Virginia's union leaders are keeping a close eye on Workfare. "At

the moment the program gives us no problem," says Joe Powell, president of the state AFL-CIO. "We would react if any reports indicate that they are replacing our people in jobs, but so far that hasn't happened. They have done everything possible to make sure the program isn't controversial."

Still, even for Zack Leon Mitchell, who loves his job as a Workfare cop, part-time work at a minimum wage hardly makes ends meet. "I can't care for my family the way I once did," he says. "I can see it in my kids' eyes." Mitchell hopes that his Workfare role may lead to a full-time job. So far 849 Workfare vets have gone on to permanent positions. "I'm gonna take the civil service test to become a deputy," he says. "I think I've got a future in police work."

[From the Wall Street Journal, Oct. 28, 1982]

EARNING THE DOLE—MANY WELFARE CLIENTS DON'T SEEM TO MIND BEING FORCED TO WORK—THEIR MORALE OFTEN RISES; MORE PROFESSIONALS VIEW WORKFARE AS USEFUL, TOO—BUT ARE SUCH PLANS UNFAIR?

(By Doron P. Levin)

CHARLESTON, W. VA.—Ten months ago, Otis Martin was summoned to an office of West Virginia's Department of Welfare. He was told that his welfare payments would be cut off if he didn't accept a six-day-a-month job at the publicly supported Charleston Animal Hospital without pay.

So the 40-year-old Mr. Martin, who was laid off three years ago from the local Pontiac dealership, showed up at the animal hospital as ordered. In return for $240 a month in welfare payments, $200 a month in food stamps and Medicaid for himself, his wife of 20 years and two children, Mr. Martin cleans animal cages, pulls weeds and waits on people who come for sick or lost pets.

The job "isn't the kind of work I'd care to do if I had a choice," he says, adding "I can't see a future in working here." He still hasn't given up hope of once again repairing and painting auto bodies. However, he expresses gratitude that at the animal hospital "they treat me like a regular employee" and not like someone to be despised because he is on the dole. "I'm working right now as hard as I ever worked. I'm doing the best that I can," he says. The hospital's director agrees; he praises Mr. Martin's work and says he would hire him full time if he could.

To a surprising extent, workfare is well received by many other welfare clients, too. Other areas of the country also are trying the idea, and it seems to be growing more respectable among social scientists, welfare workers and others who once condemned it as an atavistic, heartless response to poverty.

"A program like this helps people to maintain their work skills without stereotyping them as shirkers or loafers, and it gets some useful things done for the community," says Leon Ginsburg, West Virginia's commissioner of welfare.

Nevertheless, the programs raise some unanswered questions: Does workfare save money by shrinking the welfare rolls or does it cost extra money to run? Are labor unions correct in contending that workfare takes jobs away from their members and depresses wages? Can work requirements be fairly applied to the great majority of those on welfare—single mothers and their children?

EXPANDING PROGRAM

Whatever the answers, West Virginia's welfare department is pushing ahead. Since last January, it has put about 4,000 people to work in about 2,000 different jobs around the state in government departments or in nonprofit agencies. The workers came from ablebodied, two-parent families receiving federal and state aid, of whch there are more than 5,000 cases statewide. (A much larger category, single-parent families with children, accounts for about 20,000 cases. In West Virginia, destitute single people or childless couples can't qualify for welfare.)

UNLIKELY ADVOCATE

Some people say a policy of forcing ablebodied unemployed to do menial jobs in return for public assistance seems cruel. But Mr. Martin himself approves of workfare—labor traded for welfare—because he doesn't like people living off handouts and doesn't want anyone to believe that he lives that way. Workfare, he says without a trace of irony in his voice, "is going to make those people who lie around all day go out and work."

West Virginia welfare officials say they have tried to pick the healthiest and most willing welfare clients from those who are eligible, under the assumption that they

have the base chance of landing permanent jobs at workfare sites or moving into private industry.

Armed with three years of college, Edward Burgess fits into this category. The 26-year-old Mr. Burgess was laid off from his draftsman's job and applied for public assistance for himself, his wife and young child when he couldn't find another job. For two months, the Burgesses received $164 a month from the state, $184 in food stamps, and Medicaid benefits; in return, Mr. Burgess performed clerical tasks several days a month for the local chapter of the Multiple Sclerosis Foundation.

MEDICAL PROBLEMS

Articulate and tidily dressed, Mr. Burgess concedes that he probably could have found a minimum-wage job—grilling fast food, perhaps—that would pay at least $575 a month before taxes. That still would have left his family below the official poverty level, but he would have made more than his welfare check. He rejected that course, however, because his wife is expecting twins and their Medicaid benefits, which they need for the huge medical bills that are looming, would be withdrawn if he went off welfare.

"Look, I hate the welfare system," Mr. Burgess said. "Using food stamps is a very humbling experience, but . . . I can't afford to give up my Medicaid card." On non-workfare days, he continued his search for a job "that pays at least $5 an hour."

Recently, the welfare department required Mr. Burgess to go to an interview for an opening at a shoe store. The store offered him a job at $138 a week plus some medical benefits, a welfare official says. If Mr. Burgess had refused the interview or the job offer, the official a[illegible] he might have lost his public-assistance benefits for up to three months. Mr. Burgess took the job.

Many people on workfare cite its psychological benefits. "I love it," asserts 22-year-old William Lusher as he sorts through a truckload of discarded paper, glass and aluminum cans that belongs to the Citizens' Recycling Council of South Charleston. Mr. Lusher lost his job as a church maintenance man and now supports his wife and three children on $252 monthly from the welfare department and $260 in food stamps.

"Before I got this job, I didn't even want to cash my welfare check. Now that I'm working, I know I earned the money; I can go anywhere, and it doesn't bother me that I'm on welfare," Mr. Lusher says.

Welfare Supervisor Yvonne Stamper explains that "the typical West Virginian's mountain work ethic" and hatred of accepting charity are two important reasons most welfare recipients have been pleased to be assigned workfare.

Requiring work in return for public assistance is a complicated public policy with a long history of problems aside from the issue of whether participants like it. In 19th-century England and later in this country, the destitute sometimes were forced to toil in workhouses, often under abominable conditions, so that public assistance wouldn't seem too attractive. During the 1930s, the New Deal's Works Progress Administration gave the unemployed jobs in public projects, but President Roosevelt's opponents charged that the work being done wasn't necessary and that the wages weren't low enough to keep WPA jobs undesirable.

Except for scattered experiments, most workfare in the U.S. was precluded by law from federal assistance programs until the Budget Reconciliation Act of 1981, which permits states to impose workfare as long as the jobs don't displace workers already on payrolls. Labor unions continue to contend, however, that workfare does supplant their members, especially in government jobs, and drives down wages. In New York, District 37 of the American Federation of State, County and Municipal Employees has sued to get workfare recipients out of city departments.

BUNCH OF "SCABS"?

"We want to get these people out of our jobs," says Karen Smith, the union's assistant general counsel. "It's scab labor force, and it's becoming totally entrenched."

But city officials deny that workfare workers are replacing full-time employees, even though budget cutting has reduced the city's payroll at a time when 10,000 workfare recipients work for the city. "If (workfare) went away tomorrow, we wouldn't hire one more extra person to do their work," says Irwin Brooks, a commissioner in the Human Resources Administration.

Joining the public-employee union in its fight against New York's 11-year-old program is the Welfare Grant Increase Coalition, a group that explains legal rights to welfare recipients and lobbies to broaden their benefits. Coalition workers call workfare "institutionalized slavery" and say people forced into the program are being

misled because they accept work in the belief that eventually they will be hired full time.

Shirley Portee is one New York aid recipient who considers workfare a failure because it hasn't led to a full-time job. In return for a $90 assistance check every two weeks and $70 a month in food stamps, the 46-year-old Mrs. Portee has to do 22 hours a month of clerical work at a Brooklyn welfare center. She says she prefers workfare to sitting at home. "I love working," she says. "The people are very nice." However, she complains about the way job applications are handled. She failed the civil service test once and will take it again, she says, but she believes that what she has learned on the job-such as operating a computer—should be considered in her efforts to get full-time work.

JOBS USUALLY BRIEF

Welfare officials in New York City say they are willing to hire when they can, and Martin Levine, who oversees workfare assignments, says several hundred non-uniformed employees have moved from workfare to full-time jobs. For the vast majority, though, a workfare assignment doesn't last more than several months. And if a person gets involved in a work-related dispute or refuses undesirable work, the department may cut off assistance, pending a "fair hearing" appeal.

Such disputes aren't unusual, Mrs. Levine says, "especially considering the nature of the population," He adds:

"We process alcoholics, people with drug problems if they aren't currently using, exconvicts, transvestites . . . The agencies we send these people to don't have to accept them, and if they've been rejected four or five times, we put them into a holding category so they can keep getting their checks."

Besides teaching job skills "and keeping people sharper", New York's Mr. Brooks says, workfare may save money by stimulating welfare recipients to find full-time jobs while helping the city. "We've never done a dollars-and-cents analysis, although I would guess there's some financial benefit from the cases we are able to close," he says. Other officials in New York hesitate to say whether there is a net gain or loss.

West Virginia's Mr. Ginsburg agrees that workfare is worthwhile, but he is convinced that it costs extra money. The West Virginia department, for example must pay carfare and lunch money for each worker, which may cost about $25 a month, and employers must pay workmen's-compensation insurance premiums, which can run $400 a year. "Our program costs the state about $600,000—excluding the administrative expenses—and we'd like to add more jobs except we're limited by our budget," Mr. Ginsburg says.

The Reagan administration has proposed a mandatory, state-run workfare system applying to every able-bodied person receiving federal money. But so far Mr. Reagan has won congressional approval only for changes in the law that allow optional programs. The 33 states with some kind of workfare legislation generally are moving cautiously with test programs covering only limited areas and types of welfare clients. Besides the ideological challenge from groups that view workfare as unjust, some social scientist have doubts about the program value.

In response to this criticism, the Ford Foundation has just contributed $2 million to Manpower Demonstration Research Corp. to study workfare programs in 10 to 12 locations, including West Virginia, for three years.

An important aspect of the study, says Barbara Blum, Manpower's president, will be to see whether workfare helps "in an era when most women work." Because 80 percent of the 10.5 million people on welfare are dependent children and their abandoned or divorced mothers, any workfare program should offer child care and take into account the fact that "women want training and skills, too," Mrs. Blum says.

STATEMENT OF LAWRENCE M. MEAD, ASSISTANT PROFESSOR, DEPARTMENT OF POLITICS, NEW YORK UNIVERSITY, NEW YORK, N.Y.

My name is Lawrence M. Mead. I am an Assistant Professor of Politics at New York University. For several years I have been engaged in research on the Work Incentive (WIN) program and, in general, the problem of obligation in federal social policy. In this testimony I will try to apply what I have learned to the proposal before this committee--to institute workfare in the food stamp program. Since I have not seen the proposal in detail, I will assume that it would essentially make mandatory the provisions for food stamp workfare, enacted in 1981 and 1982, that now apply at state option.[1]

I WORK TESTS IN WELFARE

I support workfare in principle, meaning programs that require employable welfare recipients to "work off" the value of their grant in some form of service to public or non-profit agencies. I also support mandatory job training and placement programs like WIN that require recipients to prepare for and seek work, mainly in the private sector, as a condition of welfare eligibility.[2]

These requirements address one of the main problems in federal social programs--their permissive character, their tendency to award benefits as entitlements without requiring that recipients discharge work or other obligations in return. The design and administration of programs have been preoccupied with assuring that recipients enjoy equal rights in spite of their need--without seeing that equal obligations are also necessary for equality in America. Unless recipients, who are able to, work and otherwise function socially in ways other Americans normally expect of one another, they cannot be accepted as equals in everyday life no matter how high the programs raise their income.

The permissive character of programs is one reason their costs and caseloads have proven difficult to control; to recipients the benefits are free goods that may be claimed without corresponding costs. It is also one reason why an underclass with great difficulties in functioning has arisen in many American cities. The underclass has many causes, but one of them is that the welfare programs that support so many members of the group do not hold them accountable for good behavior in the way the marketplace does other Americans. Unconditional support perpetuates a "welfare mentality" in which recipients can attribute all of their problems to society rather than accept personal responsibility for their situation.[3]

People respond to the expectations made, or not made, of them. The main thing social programs have expected of their recipients is that they be poor and disadvantaged, not that they meet the standards for learning, working, and getting along that other Americans face every day in school, at work, and in the streets of our cities. In its attempt to be compassionate, government has made it more difficult for these dependent Americans to enter mainstream society as equals.

Congress has realized the functioning problem in welfare. Its main response has been attempts to add work requirements to the programs. The WIN program was added to AFDC in 1967, toughened in 1971, and the option of replacing WIN with workfare was given to states in 1981. (WIN is then replaced with the Community Work Experience Program, or CWEP.) A requirement that employable recipients register for work was added to food stamps in 1971, a workfare option was provided in 1981-2, and the present proposals would make it mandatory. Work requirements and other jobs provisions were also important components of the various schemes for welfare reform discussed between the middle 1960's and the late 1970's, though none was enacted. Indeed, as the concern over welfare work grew, welfare reform ceased to mean simply increased income maintenance for the needy and increasingly came to mean schemes for guaranteed or required employment.

II THE REASONS FOR FAILURE

At the same time, it must be admitted that work tests have not been very successful to date. It appears that WIN and the various workfare programs run by states in general assistance programs have hardly dented the rolls. They cause very few more recipients to go to work than would be working in any event. The Secretary of Health and Human Services testified a year ago that only about

14 percent of welfare mothers are working, the same as in 1967.[4] Welfare rolls, after a period of explosive growth, have tended to level off in the last decade, but the main credit goes to measures instituted since the early 1970's to cut down on fraud and overpayment and limit eligibility.

Some welfare analysts have argued that lack of jobs is what prevents more recipients working. There must be some truth to this so long as the economy is in a severe recession. In general, however, research has tended to undercut the notion. Relatively low-income groups such as minorities and teenagers seem to have higher-than-average unemployment rates mainly because they turn over more often in the jobs available to them and stay out of work longer than other groups, not because jobs are literally absent.[5] The presence of as many as 10 million illegal aliens in the country also indicates that low-wage work, at least, is widely available.

A more plausible explanation is that low-skilled groups tend to have alternatives to work and can afford to be selective about the jobs they accept. Many unemployed can rely on income from their families. Others have access to welfare support or to jobs in the illegal or underground economy, which typically pay much more than do unskilled regular jobs. Low-skilled workers will seek out relatively well-paid "decent" jobs, for instance white-collar office jobs in government, but are reluctant to accept low-paid "dirty jobs" when alternatives are available. I have interviewed a great many job placement staff in the course of my research on WIN, and very few say that the job market is the main problem they face in placing WIN clients. Most often, the difficulty is motivating clients to seek actively and make a commitment to the available jobs for which they qualify.

Nor is the limited skills of most recipients the main problem. While lack of education and qualifications undoubtedly limits the positions recipients can qualify for, it should not prevent them succeeding in the many entry-level jobs with few specific skill requirements. Most of the illegals, also, are illiterate and unskilled when they first enter the job market, yet they obtain employment. The barriers appear to be mainly attitudinal. Most recipients acknowledge a duty to work in principle, but in practice some cannot accept jobs so far below their expectation. Probably a greater number would accept simple jobs, but lack the confidence to do them because of a history of failure and because the public institutions and programs on which they are dependent have never expected them to succeed.

My research suggests that the expectations made of recipients are critical. While the labor market and skills condition whether recipients can work, the most important factor is whether welfare work programs really expect them to work. In New York City and New York State, the successful WIN programs tend to be those that not only register recipients to work but require a high proportion of them to participate actively in job-readiness or job search activities. The proportion of registrants in these activities is a better predictor of a program's performance than either the availability of jobs in the locality or the education or other characteristics of the registrants.

To expect a recipient to work means both negative and positive things. Unquestionably, work programs need the authority to deny recipients benefits if they refuse to accept work or training. The steps taken in 1980 to strengthen WIN's sanctions corrected a major weakness in the program, and the current proposal would provide even stronger penalties.[6] On the other hand, only ineffective WIN programs in fact have to "throw the book" at clients very often. The strong programs exert authority over participants informally. The staff make clear to clients that they will be sanctioned for noncooperation, but also that cooperation is expected and assumed. Staff combine the negative message with the positive one that the recipients are able to succeed in the job market and thus definitely expected to. The work requirement is serious exactly because recipients are capable, not incapable, of meeting it. Successful WIN programs are marked above all by committed staff who really believe in their clients and express this exactly by making the same work expectations of them that they would make of themselves.[7]

III THE POLITICS OF WELFARE WORK

Welfare work requirements have not consistently expected recipients to work, and this is the main reason they have failed. The reasons have more to do with politics than economics. To solve the welfare work problem we have to stop looking at it as a technical problem in economics and start viewing it juridically,

in legal and moral terms, as a problem in the balance of rights and obligations facing recipients. When that balance is redressed by connecting work inseparably to welfare benefits, then more welfare recipients will go to work, some within programs and some by staying off welfare altogether.

The question is how welfare can acquire the authority to levy that obligation. We might take as our model those federal agencies that have levied requirements on Americans effectively--the Internal Revenue Service, the Social Security Administration, and the Selective Service System. The tax agency is widely regarded as both fair and implacable, and the great majority of Americans meet its demands voluntarily. Social Security achieves the kind of connection between work and benefits that welfare would wish, but it has the advantage that the work contribution is exacted in advance of claiming benefits and the program is administered on a non-discretionary basis. Yet as long as the draft existed, the Selective Service was obeyed by most inductees even though it operated on a highly discretionary basis.

The welfare work test lacks authority, in part, for administrative reasons. Except for SSI, federal welfare programs are not run directly by Washington. They are run by states and localities using mostly federal money, and federal control is subject to all the limitations and vicissitudes imposed by the federal-state grant system. The state and local agencies that must finally impose work tests often approach their task reluctantly. Due to its ethos and financial incentives, the Employment Service, which usually registers employable recipients for work and runs WIN in most states, is more dedicated to placing non-welfare clients in jobs than it is to enforcing the work test.[8] Some welfare agencies still view work as an illiberal imposition on recipients, though many (including the New York City welfare department) have come to support it quite strongly. And both the ES and welfare, which must cooperate to administer the work test, are often such large and inefficient bureaucracies that they would have difficulty running so complicated a program even with the best will in the world. The history of the federal work test is a history of efforts by Congress to induce these agencies, from a great distance, actually to implement the work requirement Congress intended.

On the other hand, getting welfare recipients to work is now inherently difficult because of the way WIN and other work tests are structured. Typically, the recipient need cooperate only if he or she falls in certain "employable" categories, is not disabled, and has been provided with child care by the agency. Even then, the requirement is more to participate in job-readiness activities and look for work than it is actually to accept work, unless workfare slots are guaranteed. A recipient can be sanctioned only for refusal of work or training without "good cause," something that is inherently difficult for the agency to prove. Recipients may also request hearings and appeal the sanctions before they can be executed. The administrative costs are such that few recipients can really be made to work unless they want to.[9]

The authority problem is rooted in the balance of rights and obligations facing recipients. Too much of the responsibility for making welfare work happen rests on the agency, too little on the recipient. If the work test had more credibility, both moral and administrative, its clients would more often cooperate willingly in seeking work and many of the administrative problems would dissolve. WIN typically has no difficulty placing welfare mothers who arrange their own child care and seek available jobs. Most welfare recipients in fact accept work in principle; it is their limited responsibility actually to do something about it that stands in the way. The IRS's monitoring and compliance problems would be as intractable as welfare's if its authority were not so widely respected. Tax evasion is already rising. We have only to imagine how much worse it would be if the agency had to justify every deduction from income to the taxpayer rather than the other way around.

The most serious reasons why work tests have lacked authority are political. Neither party or political persuasion has been much interested in using government to try to balance welfare benefits with obligations like work. Typically, Democrats and liberals have wanted to reform welfare by extending benefits without serious work tests, Republicans and conservatives by cutting back benefits and eligibility. Both want to solve the work problem by appeals to individual self-interest instead of obligations. Liberals favor "work incentives" that allow recipients to keep part of their earnings despite being on welfare, while conservatives seek to return employables to the marketplace where they will have no alternative but work to support themselves. The partisan debate has been over the extent of government, the classic issue stemming from the New Deal, when what is needed is a change in its character. The welfare problem arises not mainly because benefits are too high or too low but because they are not coupled reliably with obligations like work. The welfare state, if it is to integrate the disadvantaged, must become somewhat less generous, but above all less permissive.

In the background is the public ambivalence about welfare. Americans want to help people in need, but somehow without exempting them from the common obligations of citizenship. The strongest moral injunctions seem to prohibit expecting anything of recipients, since all are needy and many are nonwhite. But equally strong feelings regard it as unfair that recipients do not have to work or otherwise function socially the way other Americans do. The political outcome has been attempts to confine welfare to the unemployable and a set of work tests that are more symbolic than real. The tests pay lip service to the orthodoxy of work, but they do not seriously impede most recipients receiving welfare as an entitlement regardless of behavior.

The reason the welfare issue never goes away is that the standard liberal and conservative prescriptions each violate one side of the public mind. To give benefits generously is humanitarian but unfair to working Americans. To evict employables from welfare is often realistic, but also punitive. To satisfy both sides of public feeling, a way must be found both to help the needy and to obligate them to function socially in minimal ways. Rights must be balanced with obligations like work, but within a welfare state that helps people rather than simply by turning employables out of programs into the marketplace. The balance within programs should be, as nearly as possible, the same balance of support and responsibility that working Americans face in everyday life.

To approximate this balance in welfare is what work tests are all about. At bottom, the conventional partisan ideologies cannot justify welfare work because their agenda is to liberate people, from either economic pressures or government. In welfare, the problem is to obligate people. To justify the demands, we must come to regard social rights and obligations like welfare and work as aspects of our common citizenship, alongside political rights and duties such as voting or obeying the law. An American is one who, among other things, votes and obeys the law, but also one who counts on a minimal sustenance from society and accepts work in return for it, either in the market or within programs. The political and social responsibilities together constitute what people really understand as the common obligations of citizenship. And since Americans tend to define equality in terms of equal rights and obligations, rather than equal social or economic status, equality requires that the social as well as political rights and duties bear equally on all. Thus, programs that require obligations like work of the needy really assure them something closer to equality with other Americans than programs that merely raise their income.[10]

IV WORKFARE

Workfare has attractions as a solution to welfare work. By requiring that recipients "work off" their grant in some form of public service employment (PSE), workfare guarantees jobs. This makes the work obligation much more definite than in work registration and placement programs like WIN, where recipients only have to look for work in the private sector. Some of the later welfare reform plans contemplated workfare just in order to make sure that the work obligation would be serious.

But workfare is no panacea for the administrative and political problems in welfare work we have considered. Taken seriously, it would require that every employable recipient who did not find work in the private sector would be found something worthwhile to do in the public sector, an enormous task. Experience with CETA PSE and in state-run workfare programs under general assistance (GA) suggests that the day-care, administrative, and supervisory costs can run very high, though there is some return from the work accomplished by recipients. Though workfare need not pay for itself entirely in reduced grants, since its goals are more juridical than economic, too great a net cost does raise an economic question. These problems have in practice confined the GA workfare programs to a small proportion of the employable caseload. Workfare, like other forms of work test, has yet to transform welfare.

Politically, the difficulty is to make workfare appear neither permissive nor punitive, but the kind of labor any worker might be expected to do. The jobs cannot be as comfortable and undemanding as many CETA slots were or they will compete with private sector jobs and inculcate no real work attitudes. But they cannot be make-work or degrading or workfare will seem merely a backhanded way of forcing people to quit welfare. A private-sector placement program like WIN cannot guarantee jobs like workfare, but it has the advantage that the jobs it does find are usually real ones, akin to those done by many

non-dependent Americans. WIN placements usually work in the private sector and full-time, and they work to support themselves rather than just to pay back welfare. Thus, workfare may be more legitimate if used in conjunction with regular job placement, as a back-up for those who do not find private jobs, rather than by itself. And the workfare should preferably be full-time, like most other jobs, and offer some prospect of a career ladder into regular municipal employment.

Above all, workfare must be undertaken seriously and not become another work requirement that is more symbolic than real. Welfare recipients will function better only if society really expects them to, and this means actually, not theoretically, expecting all employable recipients to work. There is no short cut to assembling the political and administrative authority necessary to do this. The political and administrative resources needed to enact and implement real workfare would be enormous, on the same order as those necessary for a comprehensive welfare reform. Indeed, no more radical welfare reform can be imagined. Careful planning and generous transition arrangements to the new system would be necessary.

V WORKFARE IN FOOD STAMPS

The above suggests some modifications in the workfare proposed for food stamps, assuming again that it would be modelled on the current optional program.

Workfare jobs would be limited to 30 hours a week. The jobs would be more credible as real work, both to the recipients and the public, if they were ordinarily 40 hours, full-time. Legal questions of whether full-time work could be required might arise if working 40 hours were more than enough to reimburse a family's stamp allotment. If a recipient worked longer than necessary to pay back the grant, he would have to be allowed to make some extra money and program costs would rise. On the other hand, the cost could probably be defrayed out of the savings workfare would bring by deterring some eligibles from seeking benefits. And administrative costs would be reduced because the numbers of hours worked would not vary from case to case or over time.

The interface with WIN seems unresolved and would pose serious administrative problems. For workfare, or any work requirement, to be credible to the recipients, it is essential that the expectations and authority they are subject to be unambiguous. A basic problem in welfare work has been that different groups face different requirements and a maze of agencies is involved--the Employment Service, various welfare units, the employing agencies in the case of PSE, other employment programs, and so on. Sometimes, the complexity allows recipients to play off one agency against the other and escape accountability. More often, it simply leaves them in doubt as to what is expected of them, with fatal consequences for voluntary compliance.

If the plan were approved as proposed, recipients receiving both food stamps and AFDC would find themselves subject to mandatory workfare with reference to the first but not the second except in CWEP states. Many might drop out of food stamps and try to subsist on AFDC alone, which would save money but defeat the training and integration goals of workfare. The eligibility rules for the proposed workfare and AFDC/WIN are not consistent; the former would exempt recipients under 18 and not in school or over 60 while the latter exempts under 16 or over 65. Mothers with children over 6 would be subject to food stamp workfare, while mothers with children over three can be subject to WIN/CWEP workfare if day care is assured. The proposal's 30-hour-a-week limit on workfare is missing in CWEP.

Stamp recipients not receiving AFDC would face an even more abrupt change. They would be shifted from a work registration requirement, where employables need only sign up for work with the Employment Service, straight to mandatory work under workfare, skipping right over the kind of job-readiness and job-search requirement embodied in WIN. A WIN-like requirement might really be more appropriate for these recipients, since many come from intact, "working-poor" families whose labor force attachment is less in question than that of AFDC recipients. Even Unemployment Insurance (UI) beneficiaries would face workfare. It is questionable whether enactment or enforcement of an unadorned workfare requirement for this group would be politically feasible.

The best solution to all these problems is to combine WIN with the new workfare requirement in a single welfare work system. The administrative complexity facing recipients would be reduced to, at most, the agency providing

AFDC or food stamps and the agency running work requirements. In most states that means the welfare department and the Employment Service or WIN, though in some situations welfare might administer both grants and work. The proposal speaks of coordinating workfare with WIN or CWEP, and some WIN participants could be exempt from workfare at state option. Better still, the eligibility rule should be harmonized and the administrative structures merged. Workfare would apply to both food stamps and AFDC, and WIN would contribute its training and placement services to employables in both programs. WIN would, for example, take over the work registration of non-AFDC food stamp recipients now done by the Employment Service.

WIN would complement and lead into workfare. Recipients would be subject to WIN job-readiness and job-placement activities for, say, 30 to 90 days and then be placed in workfare if they had not found a private job. WIN's services would add something to the 30-day job search period, apparently without special job search assistance, which the proposal says states may allow recipients. WIN and workfare would also help solve each other's credibility problems. AFDC recipients would be more likely to take WIN's activities seriously if the alternative were workfare, and non-AFDC recipients would accept the new scheme more readily if an interval of WIN placement efforts preceded the imposition of workfare.

I realize this committee lacks jurisdiction over AFDC or WIN. But the Administration has proposed mandatory workfare in AFDC as well as food stamps. The time is propitious for this committee to work with its counterpart in the House and the Finance and Ways and Means Committees to fashion a more comprehensive reform of work requirements.

The existing optional workfare system allows political subdivisions of states to propose workfare plans to the Food and Nutrition Service (FNS) with or without the concurrence of the state agency operating food stamps. Even if workfare were mandatory, the subdivisions would presumably still be able to design their own programs. This would raise the spectre of what happened in CETA, where local prime sponsors operated almost as laws unto themselves, with more accountability to Washington than to their own state governments. Again, if recipients are to receive a clear message about what is expected of them, plans must be consistent at least within the state. The state agency should be made responsible for developing a state-wide plan, and all localities should deal with it rather than FNS.

Care must be taken with the administrative transition. Assuming workfare is taken seriously, the 25-30 percent of food stamp households who would be eligible, and who have faced a much more limited work test, would suddenly have to be placed in jobs. States and localities who, up to now, could decide how much workfare they provided (usually to General Assistance recipients) would suddenly have to provide much more. For example, New York City's Public Works Program for General Assistance involves around 10,000 participants; food stamp workfare would raise this to 40 or 50,000 participants. At the very least, the implementation must take account of state and local experiences running workfare and must allow local authorities ample input and time for the changeover. We are talking about nothing less than a revolution in welfare administration.

To ease the transition, and the resistance, to workfare, the committee should consider some kind of grandfather clause that would exempt the more sensitive groups of existing recipients from the new requirement. If, for example, existing welfare mothers were left under the current WIN or work registration requirements, the work agency would need fewer workfare slots in the short run and could concentrate on new cases and on male or teenage recipients who usually require no day care.

The proposal provides strong financial incentives to work agencies in the form of federal financial participation (FFP) in administrative costs that would vary between 50 and 100 percent depending on the performance of the agencies in reducing food stamp costs. To spur development of the program in the short run, a more effective incentive might be to guarantee states FFP of 75 or 80 percent. Later, a shift could be made to a funding formula that would relate funding to performance and, perhaps, force state agencies to compete against one another. Useful precedents can be found in the WIN performance funding system and the financial incentives that drive child support and quality control programs in welfare.

NOTES

1. I have relied on U.S. Congress, Senate, Committee on Agriculture, Nutrition, and Forestry, Workfare in the Food Stamp Program, 97th Cong., 2d sess., Committee Print, October 1982.

2. There are three main welfare programs subject to work tests. Employable recipients of Aid to Families with Dependent Children (AFDC) must accept training or job search activity through the Work Incentive (WIN) program, and employable food stamp recipients must register for work with the Employment Service. Most General Assistance (GA) programs require work registration or workfare for the employable. AFDC provides cash assistance to needy female-headed families with children and is run by states and localities using both federal and state-or-local funds. Food stamps provides vouchers to buy food to most needy without reference to family structure and is administered by states and localities using almost wholly federal funds. GA provides cash assistance to groups not covered by AFDC and is run entirely by states and localities, without federal funding or regulation.

3. Ken Auletta, The Underclass (New York: Random House, 1982).

4. The New York Times, March 10, 1982, p. A23.

5. See Martin S. Feldstein, "The Economics of the New Unemployment," The Public Interest, no. 33 (Fall 1973), pp. 3-42; Robert E. Hall, "Why Is the Unemployment Rate So High at Full Employment?" Brookings Papers on Economic Activity, 1970, no. 3, pp. 369-402; Stephen T. Marston, "Employment Instability and High Unemployment Rates," Brookings Papers on Economic Activity, 1976, no. 1, pp. 169-203; and George L. Perry, "Unemployment Flows in the U.S. Labor Market," Brookings Papers on Economic Activity, 1972, no. 2, pp. 245-78.

6. WIN sanctions a recipient by excluding him or her from coverage by the family's welfare grant for three months for the first instance of noncooperation and six months for the second and subsequent instances. The current proposal would deny coverage for twice as many months as there had been noncooperation, potentially more than six--but more important, the entire family would be denied coverage, not just the noncooperating member.

7. For documentation of these results for New York City, see Lawrence M. Mead, "Expectations and Welfare Work: WIN in New York City," Policy Studies Review, vol. 2, no. 4 (May 1983). A second study, now being completed, shows similar results for New York State as a whole.

8. David W. Stevens, "The 'Work Test': Goals and Administrative Practices," in National Commission on Unemployment Compensation, Unemployment Compensation: Studies and Research (Washington, D.C.: U.S. Government Printing Office, July 1980), vol. I, pp. 51-62.

9. Charles S. Rodgers, "Work Tests for Welfare Recipients: The Gap Between the Goal and the Reality," Journal of Policy Analysis and Management, vol. 1, no. 1 (fall 1981), pp. 5-17.

10. For a discussion of these political and theoretical issues, see Lawrence M. Mead, "Social Programs and Social Obligations," The Public Interest, no. 69 (fall 1982), pp. 17-32.

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STATEMENT OF BLANCHE BERNSTEIN, DIRECTOR, SOCIAL POLICY RESEARCH INSTITUTE, NEW SCHOOL FOR SOCIAL RESEARCH

As I begin my testimony it may sound as though I am mixed up about which Senate committee I am testifying before, because I am going to start by talking about public assistance programs. I can assure you, however, that I do know that I am before the Committee on Agriculture, Nutrition and Forestry and I think I know what I am doing.

One of the major issues which this committee has under consideration is whether to amend the Food Stamp Law to make it mandatory for states to establish workfare programs for certain categories of food stamp recipients and whether to require the states which have workfare programs for AFDC recipients to make the requirement cover the value of the food stamps in addition to the welfare grant.

As background for consideration of these issues it is useful to review some of the recent history on the relationship of welfare and work. In my recently published book, The Politics of Welfare--The New York City Experience (Abt Books, Cambridge, MA., September, 1982), I discuss at some length the history of this relationship and I will try to summarize it briefly here. From the beginning of the Social Security Act and through the 1950s, Congress and the public at large were not too concerned about work requirements or workfare programs for welfare clients. Though it was no longer true, the general assumption was that most AFDC mothers were widows with small children. Further, welfare benefits, in real terms, were on the low side, neither the Food Stamp Program nor the Medicare program had been established, and the welfare caseload was not yet so large as to attract attention as a major issue.

It was during the 60s when the welfare caseloads beginning in New York and then throughout the country exploded and the level of welfare grants rose that public concern mounted. It should be born in mind that the 60s were a period of rising real wages and declining unemployment. Indeed, by the end of the decade when unemployment in the nation dipped to 3%, we were in a period of labor scarcity and remained at a low level of unemployment - not more than 4% through 1972.

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It was during this same period of more than a decade that we heard from a coalition of welfare administrators, the social welfare community and others a constant reiteration of reasons why welfare mothers could not work. These were:

1. There were very few employable persons on AFDC. The figure of 2% was bandied about and was reached by counting all welfare recipients, including children, although no one expected nor wanted children to work. In fact, a 1973 study in New York City indicated that 35 to 40% of the heads of AFDC households were employable. A more recent figure (first quarter, 1982) for New York City puts the estimate at about 30% and only 6% are employed or in training.

2. It was considered unfair to require welfare recipients to take "menial" jobs. The emphasis was placed on education and training. This charge ignored the fact that the so-called menial jobs needed to be done by someone and that it was highly questionable whether the welfare client had a right to reject an unskilled or semi-skilled job.

3. When by 1966 it became implausible to attribute the continued increase in caseload to the unavailability of jobs, we began to hear that a financial incentive was necessary to encourage AFDC mothers to take jobs and to make it worth their while. The result was the 1967 legislation which established the WIN program including the famous thirty dollar and a third disregard.

4. Since the WIN legislation did not result in any substantial increase in employment of welfare clients, it was argued that the problem was a lack of daycare. Studies I have done in New York City reveal no evidence that welfare mothers regard child care as a significant obstacle to working. When they wish to work they find they can make arrangements for the care of their child or children. In any event, a major expansion in daycare programs occurred in New York and throughout the country.

5. The high cost of day care led to the fifth theme, to wit that it was too expensive to society to have welfare mothers work. A study issued by the Community Council of New York purported to prove that it would cost the taxpayers twice as much if the AFDC mother worked than

if she did not. The possibilities of less expensive day care or the elimination of the disregard were ignored as were the longer term implications for economic independence.

6. We finally come to the sixth and last theme, that the thirty dollar and a third disregard was insufficient and that it should be higher; otherwise, the marginal tax rate is too high.

In sum, for more than a decade, an influential coalition sought to explain why AFDC mothers couldn't or shouldn't or wouldn't work. In my view, this had a disastrous effect. It increased long term dependency and adversely effected program integrity; it has indeed been costly.

Let me deal here with the issue of program integrity, using New York City as an example. Beginning in 1977 a small workfare program was substantially enlarged. (It should be noted it could be applied only to persons on the general assistance caseload, mainly single individuals and not to the AFDC caseload where the WIN program preempts the work test for AFDC clients). It was found that of the total number referred for workfare jobs, 13% failed to report for an interview, 5% refused to accept an assignment and 4% accepted the assignment but failed to report for work - total of 21%; the cases were closed and about half remain closed for 6 months or more. More recently, the failure to report for workfare jobs has reached 30% and an additional 6% failed to report for the assignment. The offer of full time CETA jobs paying about $7500 per year, mainly to single welfare recipients, resulted in a refusal rate of 40%, a startling figure.

One may ask how come a workfare test produces such a result. What were these people doing and why weren't they uncovered by the various computer checks which are made of the welfare payment file against wage payments and income tax records. The answer lies in the "underground economy". While obviously no exact figures are available, it has been estimated that between 15 and 25 percent of the gross national product, excluding gambling, prostitution, and narcotics is not reported for income tax purposes. A lot of people are working whose wages or salaries are not on any file. If they are on welfare, they are uncovered only by the offer of a job - full time or part time.

Thus both the CETA and workfare programs were a major factor in restraining the size of the general assistance caseload and substantially improved program integrity. In this connection I must note that the virtual elimination of CETA employment programs has removed an important tool necessary to achieve program integrity.

The 1981 Budget Reconciliation Act provided for some major changes with respect to work requirements and workfare programs for AFDC clients.

1. The thirty and a third disregard was eliminated after four months. Despite the shrill cries predicting that all welfare mothers who were working would give up their jobs and return to welfare, the impact has in fact been miniscule. Most of these working mothers have accepted the situation and continue to work.

2. Congress permitted the states at their option, to establish Community Welfare Experience Programs (CWEP) or in other words, workfare programs for heads of AFDC households. It was also optional for the state to require a maximum number of work hours at the minimum wage equal to both the welfare and the food stamp grant. In New York State, however, which has established demonstration programs in 17 counties, the value of food stamps has not been included in determining the hours of work required on the workfare programs. The important fact, however, is that the operation of these programs has uncovered, among those called in, at least 20% and possibly as many as 30% of the recipients who apparently have resources not previously reported to the welfare department - these cases have either been closed or their benefits reduced.

New York City has approached CWEP as if it were UXB, an unexploded bomb. No programs have yet been undertaken but it is planning to initiate one demonstration project within the next month or so which will apply, however, only to AFDC mothers whose youngest child at home is at least 17 years of age, a group which includes about 1000 families in a total AFDC caseload of almost 240,000. Presumably, if this project is successful in both encouraging the mothers to begin work or in uncovering those who refuse to respond or accept the assignment, the program will be expanded to mothers with children at least 16, then 15 etc., down to 12.

We do need both a public employment program offering full-time jobs and workfare, whereby the client "works off" the grant, for two reasons. The first, to provide an opportunity to attain work skills and work discipline and to encourage employable AFDC mothers to move into jobs in private industry. And, second, to improve the integrity of the welfare program. Indeed, in New York and many other states which have succeeded during the past seven or eight years in reducing the AFDC ineligibility rate substantially through a variety of techniques, including computer matching of welfare payment files against wage records, Social Security and other benefit payments, a public employment program and workfare are the only significant methods still unused to achieve the further necessary reduction in ineligibility in the AFDC program.

As I stated in my book, I regretted the termination of the CETA Public Employment Program and said "program integrity will suffer to some degree as a result of the elimination of the CETA program. I am pleased that Congress has under consideration a Jobs Bill and that at least as currently amended, it is to some degree directed at providing jobs for women on welfare. But I must express my view that it provides for too few jobs in relation to the size of our unemployment and welfare problems. I hope it will be expanded as much as possible without running the risk of incurring a Presidential veto.

The 1981 Reconciliation Act moved in the right direction by giving the states the option of establishing workfare programs for AFDC mothers whose children are 3 years of age or older. In view of a rather slow response to this program in many of the states, I would recommend that it be made mandatory, at least for some significant proportion of the AFDC mothers who fit the criteria. I would stress, however, that if this were done, a serious omission in the 1981 Reconciliation Act would have to be repaired. I refer to the fact that while the Act provided for a federal contribution for transportation and other expenses incurred by the client who takes a workfare job, it did not provide for any contribution to the cost of materials, supplies, and supervision. These costs are substantial and constitute a significant factor in the state's reluctance to expand these programs substantially. It is understandable

that budget directors and governors facing heavy deficits this year are reluctant to incur additional expenditures even though savings will result next year. The federal government will get 50% of the benefits from any reduction in the AFDC caseload, and it ought to make a contribution to the costs of the workfare programs for materials, supplies and supervision. In this connection, it is important to realize that unless the workfare programs are large scale in relation to the size of the caseload they soon lose their effectiveness as a screen for ineligibility. Even with a high rate of failures to report, a small scale program quickly fills its slots and the work test can be applied only as turnover occurs.

Now let me talk about the Food Stamp Program. You see I have not forgotten that this is the Senate Committee on Agriculture, Nutrition and Forestry.

You are concerned, and properly so, with the still high payment error rate in the Food Stamp Program but I think the proposal to establish workfare programs for food stamp recipients is largely unnecessary and will impose an excessive administrative burden on the states with little return. Let me explain.

The chapter on food stamps in my book, The Politics of Welfare is entitled, Why Did We Mess Up the Food Stamp Program For So Long? The chapter explains in gory and perhaps excessive detail why this happened. In brief, it reflected a conflict between the goals of insuring access to the program and of insuring program integrity. The conflict involved on one or the other side members of Congress, appointed officials in the Food and Nutrition Service, and the U.S. Department of Agriculture, state and local officials, charged with administering the program, the courts and the food stamp advocacy groups. The battle was joined in 1977 and resulted in the 1977 amendments to the Food Stamp Act. These represented an effort in the words of Congressman Foley, then Chairman of the House Agriculture Committee, in a "tightly interrelated package of provisions that accomplishes several major objectives". These objectives were "simplifying and tightening program administration, facilitating access to the program for eligible and potentially eligible households, eliminating

households with high gross income and reducing the potential for errors and program fraud and abuse". These are, of course, worthy objectives but when the draft regulations were issued by the U.S. Department of Agriculture, many state and local administrators felt that they would not achieve the desired balance between access and program integrity. In my capacity as Administrator of the New York City Human Resources Administration, I wrote to the Assistant Secretary in charge of FNS and said among other things that the lack of any provision for verification of family size and assets was "an open invitation to fraud". Other administrators at the state level described the regulations as largely a self-declaration which seemed inappropriate in view of the disastrous experience with the self-declaration in the AFDC program.

In fact, the 1977 Act and the final regulations which were adopted did not improve program integrity very much; the payment error rate declined only slightly. The Congress responded with some further amendments in 1979 which required the food stamp applicant to provide his Social Security number, gave states some incentives to pursue fraud and compelled clients to repay funds fraudulently obtained. But it did not permit verification of household size.

It was only the 1980 amendments that reflected and completed the change in Congressional attitudes - integrity was not to be sacrificed for participation. The Bill permitted states to verify family size, as well as assets, and deductions for excess utilities, etc. It also permitted cross-checking of the Food Stamp file with income tax returns, Social Security and other benefit payments. Though the amendments to the Food Stamp Act were adopted in May 1980, the regulations were not issued until January 1981 and several months were provided for implementation. Thus, data which only became available in 1982 indicate the results of these new efforts to insure program integrity. The figure for the country as a whole show that the payment error rate has dropped from 13.1% to 11.8%. Even New York City, which has had more problems with the Food Stamp Program than even most other urban cities and has been more subjected to more court suits brought by advocacy groups, has been able to reduce the payment error rate from about 25% in 1980 to 13% in 1982. It is reasonable

to anticipate that given more time to refine the techniques now permitted under the law, full verification, computer matching, etc., that the error rate will continue to fall.

I now need to make clear why I do not favor establishment of workfare programs for Food Stamp recipients since I have made it abundantly clear that I favor such requirements for welfare recipients. (I might add that the type of fraud and abuse reported in the New York Times (March 12, 1983, page 7) will not be eliminated by a workfare program). Again, let me explain by using figures for NYS and NYC (data for other states are not easily available to me).

In New York City, in the second quarter of 1982, the average number of households receiving food stamps totalled 435,486. Of these, 284,156 were on public assistance and 89,205 on Supplementary Security Income (SSI) leaving a total 62,125 households not on either. Of these 62,000 about 20,000 are working, 6,000 are receiving unemployment insurance benefits; about 25,000 are on state disability and other disability programs or OASDI. Finally, about 8 to 10,000 who are not on unemployment insurance or working or sick or disabled are work registered. Though I must quickly state that I doubt that much is done to move them towards employment.

Those on unemployment insurance benefits are already subject to requirements which require them to seek work and probably most of them would like nothing better than to get a job, a difficult task with unemployment at the 10.2 percent level, the highest since the great depression. But even if these 6,000 people are added to the 8-10,000 work registered, we have only 14-16,000 people out of a total food stamp caseload of 435,000 who could be required to accept welfare jobs, apart from those subjected to requirements of the AFDC and general assistance programs, or less than 4% of the total caseload. Estimates for the rest of New York State indicate a comparable situation. It is not worthwhile to mount a major additional administrative effort for this small group. Our efforts should be focused on the welfare population.

I should note that my analysis is influenced by the fact that in my state, New York, as well as in many of the industrialized states in the

North and West, there is a general assistance program funded either by the state or in some like New York, by the State and the locality, to serve single individuals and families not eligible for AFDC. Indeed, in New York, our workfare programs have been used exclusively for individuals and families on general assistance with the results which I have already described. These states need an additional administrative burden for that small group not covered by AFDC or general assistance like a hole in the head.

It may be, however, that in states which do not have a general assistance program, a workfare requirement for food stamp recipients might make sense for those families and single individuals not eligible for the AFDC program. I would hope that if legislation on this issue is adopted, it would be drawn so as to exclude states with general assistance programs.

With respect to the proposal that the requirement that the number of hours worked required under workfare program cover both welfare and food stamps be made mandatory, I believe the concept is reasonable with, of course, a limitation of a maximum of 30 hours. But I must take this opportunity to say that I do not think it is reasonable or fair to require that the calculation be based on the minimum wage instead of the prevailing wage for the particular type of work. It arouses a sense of injustice among welfare clients doing the same work as regular employees who are being paid the prevailing wage and exacerbates union opposition to workfare programs. It also provides some fuel for those who label workfare as slave labor. I would strongly recommend that if legislation is adopted to require that hours of work on workfare include food stamps as well as welfare, it be coupled with a provision permitting the calculation to be based on the prevailing wage.

STATEMENT OF HON. TOM WOODRUFF, FLORIDA STATE REPRESENTATIVE

DISTINQUISHED SENATORS, LADIES AND GENTLEMEN:

MY NAME IS TOM WOODRUFF. I AM AN ATTORNEY PRACTICING IN ST. PETERSBURG, FLORIDA. I HAVE HAD THE PLEASURE OF SERVING THREE TERMS IN THE FLORIDA HOUSE OF REPRESENTATIVES AND AM NOW SERVING MY FOURTH TERM.

WHILE IN COLLEGE AT FLORIDA STATE UNIVERSITY, I MAJORED IN CRIMINOLOGY AND CORRECTIONS WITHIN THE SCHOOL OF SOCIAL WELFARE. IT WAS NECESSARY TO TAKE A NUMBER OF SOCIAL WELFARE COURSES WITHIN THAT SCHOOL. WE WERE TAUGHT IN THE BASIC CLASSES; PEOPLE DO NOT LIKE TO ACCEPT WELFARE AND IT DEMEANS THEM TO DO SO. IF YOU ACCEPT THAT PREMISE, WHEN AN ABLE-BODIED PERSON IS PLACED IN A POSITION REQUIRING WELFARE, WE SHOULD DESIGN A PROGRAM WHICH WOULD ALLOW RETENTION OF THEIR INDIVIDUAL DIGNITY. ONE LOGICAL WAY TO ACCOMPLISH THIS IS "WORKFARE."

IN 1980 I INTRODUCED "WORKFARE" IN FLORIDA. FRUITION OF THOSE EFFORTS WAS INITIALLY SEEN WHEN FLORIDA STATUTE 409.028, KNOWN AS THE "WORKFARE POLICY ACT", PASSED. THIS LEGISLATION ESTABLISHED STATE POLICY REQUIRING OUR DEPARTMENT OF HEALTH AND REHABILITATIVE SERVICES TO DEVELOP AND IMPLEMENT WORKFARE PROGRAMS. SUBSEQUENTLY IN 1981, ALONG WITH MANY OTHER COLLEAGUES, WE INTRODUCED A "WORKFARE BILL" ATTEMPTING TO ESTABLISH A STATEWIDE PROGRAM. THAT BILL PASSED OUR HOUSE OF REPRESENTATIVES AND PASSED ALL THE NECESSARY SENATE COMMITTEES BUT DIED ON SPECIAL ORDER CALENDAR THE LAST DAY OF OUR 1981 SESSION. THE BILL WAS SUBSEQUENTLY RE-INTRODUCED IN 1982, WAS AMENDED AND PASSED, SETTING UP A PILOT PROGRAM IN DUVAL COUNTY, FLORIDA AND APPROPRIATING $100,000.

COLLATERALLY WITH LEGISLATION IN 1980, I CONVINCED OUR COUNTY COMMISSION IN PINELLAS COUNTY, FLORIDA, TO ESTABLISH A WORKFARE PILOT PROGRAM, PURSUANT TO THE FEDERAL FOOD STAMP ACT OF 1977 WHICH AUTHORIZED 14 PILOT PROGRAMS NATIONWIDE. OUR COUNTY COMMISSIONERS APPROPRIATED $40,000 FOR THIS PILOT PROGRAM WHICH AFTER INITIAL ORGANIZATION, BEGAN PROJECT IMPLEMENTATION ON JANUARY 15, 1981. THE COUNTY COMMISSION ACTED AS SPONSORING AGENT AND JOB COMPONENT PART WITH THE STATE DEPARTMENT OF HRS, HANDLING SCREENING AND FORWARDING OF FOOD STAMP APPLICANTS. THE PILOT PROGRAM OPERATED FROM JANUARY 15 THROUGH SEPTEMBER, 1981.

THE PILOT PROJECT INITIALLY LOCATED 20,308 HOURS WORTH OF JOBS. THESE WERE IN EVERY CONCEIVABLE TYPE OF EMPLOYMENT. SITES INCLUDED FLORENCE NIGHTINGALE CIRCLE, P.A.R.C. RE-SALE, LITTLE LEAGUE BASEBALL, ST. PETERSBURG HISTORICAL MUSEUM, JEWISH COMMUNITY CENTER, SEMINOLE FIRE DEPARTMENT, AND FLEET MAINTENANCE IN PINELLAS COUNTY TO NAME A FEW. THERE WERE 143 ORGANIZATIONS AND GOVERNMENTAL AGENCIES PROVIDING JOB SITES. INITIAL CONCERN THAT JOB SITE OR EMPLOYER PARTICIPATION WOULD NOT DEVELOP, WAS NOT FOUNDED. THERE WERE AN AVERAGE OF 2500 HOURS OF WORK PER MONTH AVAILABLE.

THE AVERAGE WEEKLY ACTIVITY OF THE PILOT PROJECT SHOWED RECEIPT OF APPROXIMATELY 100 REFERRALS EACH WEEK OF OPERATION, WITH AN AVERAGE OF 185 INTERVIEWS SCHEDULED. THE 185 WEEKLY SCHEDULED INTERVIEWS REFLECTED NEW REFERRALS AND RESCHEDULED PARTICIPANTS. THESE INTERVIEWS WERE HANDLED BY THREE ASSESSMENT SPECIALISTS. OF THE APPROXIMATEY 185 WEEKLY SCHEDULED INTERVIEWS, 23 PARTICIPANTS OR 12.4% SHOWED FOR THEIR INTERVIEWS.

WORKFARE PARTICIPANTS ASSIGNED TO JOB SITES, AVERAGED 28

EACH WEEK AND OF THE 28 PARTICIPANTS ASSIGNED, 16 OR 57% SHOWED UP AT THE JOB SITES.

THROUGHOUT THE ENTIRE WORKFARE DEMONSTRATION PROJECT, WORK HOURS ASSIGNED EACH WEEK AVERAGED 804, AND THE HOURS ACTUALLY WORKED EACH WEEK, WERE 344 OR ONLY 42.8%.

OF THE TOTAL NUMBER OF 31,356 WORK HOURS ASSIGNED TO PARTICIPANTS DURING THE PROJECT, 13,416 OR 43% WERE COMPLETED, AND 17,940 OR 57% WERE NOT COMPLETED.

PINELLAS COUNTY, FLORIDA'S WORKFARE DEMONSTRATION PROJECT, DESPITE THE ABOVE FIGURES, HAD ONLY THREE FAIR HEARING REQUESTS.

THE WORK COMPLETED IN THE PUBLIC SERVICE CAPACITY IN RETURN FOR FOOD STAMPS BENEFITS (FIGURED IN MONIES) AMOUNTED TO $44,943, AVERAGING $1,152.38 EACH WEEK. ALONG WITH THE $44,943, THE OTHER BENEFIT THAT COULD BE FIGURED MONETARILY WAS THE 804 SANCTIONS AT AN AVERAGE OF $60.43 EACH, WHICH AMOUNTED TO 48,588.72 FOR A COMBINED TOTAL OF $93,528.72. THIS TOTAL DOES NOT REFLECT ALL REAL BENEFITS BEING ACHIEVED FROM THE WORKFARE DEMONSTRATION PROJECT. THE IMPACT OF PARTICIPATION AND ITS BENEFITS TO THE PARTICIPANTS AND THE VALUE OF WORK TRAINING CANNOT BE MEASURED IN MONIES.

AN INTERESTING SIDE-LIGHT HAS BEEN REPORTED BY THE COUNTY. TWELVE PERSONS WERE HIRED IN FULL-TIME POSITIONS AFTER GOING TO WORK AT THEIR WORKFARE JOB. IN ADDITION, BETWEEN JANUARY, 1981 AND OCTOBER, 1981 REQUESTS FOR FOOD STAMPS FROM NONASSISTANCE HOUSEHOLDS WHO WOULD OTHERWISE BE ELIGIBLE, BUT SUBJECT TO WORKFARE, DECLINED IN OUR COUNTY 8.3% WHILE SIMILARLY ELIGIBLE AFDC HOUSEHOLDS, DECLINED ONLY

.24%. THIS DECLINE IN FOOD STAMP APPLICATIONS DID NOT FIT ANY NORMAL STATISTICAL PATTERNS AND, WHILE NO DIRECT CORRELATION CAN BE SCIENTIFICALLY ESTABLISHED, THE ONLY APPARENT CHANGE IN THE ENVIRONMENT WAS THE WORKFARE REQUIREMENT.

PROBLEMS ENCOUNTERED/SOLUTIONS

1. INITIALLY PROBLEMS WERE ENCOUNTERED IN JOB DEVELOPMENT. EMPLOYERS WERE RELUCTANT TO PARTICIPATE IN THE PROJECT MAINLY BECAUSE OF TWO FACTORS,

(A) WORKERS' COMPENSATION COVERAGE OF WORKFARE PARTICIPANTS; AND

(B) INCONSISTENCY OF PARTICIPANT OBLIGATION AND WORK SCHEDULE.

IS THE STATE RESPONSIBLE FOR WORKERS' COMPENSATION COVERAGE, THE SPONSORING GOVERNMENTAL AGENCY OR THE EMPLOYER HIRING THE INDIVIDUAL? IN PINELLAS COUNTY THE COUNTY'S JOB SITES WITHDREW FROM THE PROGRAM UNTIL A CLARIFICATION CAME FROM THE DEPARTMENT OF AGRICULTURE WHICH FACTORED INTO THE COST OF OPERATION THE COUNTY'S COST FOR WORKERS' COMPENSATION. SOME FORM OF REIMBURSEMENT FOR WORKERS' COMPENSATION COVERAGE IS NECESSARY.

2. LOW NUMBER OF FOOD STAMP RECIPIENTS ELIGIBLE FOR THE WORKFARE PROGRAM COMPAIRED TO THE TOTAL NUMBER OF HOUSEHOLDS RECEIVING FOOD STAMPS.

THE WORKFARE PROGRAM NEEDS TO BE BROADENED IN ITS ELIGIBILITY REQUIREMENTS AND RESTRICTIONS SUCH AS AGE OF CHILDREN IN HOUSEHOLD, ETC., NEED TO BE REVISED. IN ADDITION OTHER PROGRAMS SUCH AS AFDC COULD BE INCLUDED IN THE WORKFARE REQUIREMENTS.

3. THE PROGRAM'S COST EFFECTIVENESS:

WITH A LIMITED NUMBER OF PARTICIPANTS INVOLVED, AND TAKING INTO CONSIDERATON THE HIGH COST OF OPERATION WITH START-UP AND OPERATING COSTS, FOR A SHORT PERIOD OF TIME, THE PROGRAM DID NOT APPEAR TO BE COST-EFFECTIVE. IN ADDITION THE STATE AND THE COUNTY DID NOT SEE A BENEFIT IN RUNNING THE PROGRAM AFTER ITS INITIAL PERIOD OF OPERATION IN THAT THE

FOOD STAMPS SAVED WOULD NOT BENEFIT THE GOVERNMENTAL AGENCY IN A RETURN OF DOLLARS. THE PRESENT FORMULA IN THE FEDERAL BILL MAY ALLOW SOME PROFIT TO THE STATE, BUT NEW FORMULAS SHOULD BE DRAWN THAT GIVE A CLEAR PROFIT TO THE STATE IF FOOD STAMP MONIES ARE SAVED, AS WOULD BE THE CASE IF AFDC WERE INCLUDED. IN ADDITION, LENGTHENING THE SANCTIONING PERIODS WOULD INCREASE THE SAVINGS FROM THOSE WHO DO NOT COMPLY.

4. THE PENALITIES AND SANCTIONS WERE NOT ENFORCED.

IN PINELLAS COUNTY, ALTHOUGH 1,507 "NO GOOD CAUSE" DETERMINATIONS WERE MADE, ONLY 694 HAD SANCTIONS APPLIED. STRICTER RULES REQUIRING ENFORCEMENT BY HRS SHOULD BE WRITTEN INTO ANY FEDERAL LEGISLATION.

5. SLOW FLOW OF PAPER WORK BETWEEN FOOD STAMP OFFICE AND WORKFARE OFFICE.

CO-LOCATION OF THE WORKFARE OFFICE WITH THE STATE'S HRS OFFICE OR A REQUIREMENT THAT THE STATE'S HRS OFFICE RUN THE PROGRAM ENTIRELY WOULD SOLVE THIS PROBLEM.

6. FOOD STAMP BENEFITS GIVEN BEFORE THE WORK REQUIREMENT ALLOWED MANIPULATION OF THE PROGRAM.

SHORTENING THE WAITING PERIOD BETWEEN APPLICATION FOR STAMPS AND WHEN THE FIRST WORKFARE REQUIREMENT BEGINS WOULD SOLVE THIS PROBLEM.

7. POOR ADMINISTRATION.

THE WORKFARE PROGRAM MUST BE SET UP WITH INDIVIDUALS WHO "BUY INTO" THE CONCEPT OTHERWISE EVERY CONCEIVABLE PROBLEM BECOMES AN INSURMOUNTABLE OBSTACLE TO THE EFFICIENT RUNNING OF THE PROGRAM.

GENERAL SUGGESTIONS

WORKFARE SHOULD BE THE BOTTOM-LINE PROGRAM, GIVING ABLE-BODIED WELFARE RECIPIENTS THE OPPORTUNITY TO WORK FOR THEIR PUBLIC ASSISTANCE. SUCH INDIVIDUALS, UPON INITIAL CONTACT WITH THE WELFARE SYSTEM, SHOULD BE GIVEN EVERY OPPORTUNITY TO INVOLVE THEMSELVES IN OTHER JOB TRAINING PROGRAM, SUCH AS THE JOB TRAINING PARTNERSHSIP ACT, REFERRAL TO THE STATE EMPLOYMENT AGENCY OR OTHER STATE REHABILITATIVE TRAINING PROGRAMS. THE BOTTOM LINE, HOWEVER, IN ORDER TO MAKE THOSE PROGRAMS ATTRACTIVE, SHOULD BE THE WORKFARE REQUIREMENT.

IT IS NOTED IN PINELLAS COUNTY THAT, WHEN ABLE-BODIED WELFARE RECIPIENTS WERE GIVEN THE CHOICE TO WORK FOR THEIR FOOD STAMPS, ONLY 12.4% WOULD SHOW UP FOR THEIR INITIAL WORKFARE INTERVIEW. OF THOSE THAT DID, ONLY 57% SHOWED UP AT THE JOB SITE, WITH ONLY A 42.78% COMPLETION OF THE HOURS ASSIGNED.

THE FEDERAL GOVERNMENT SHOULD MAKE IT "PROFITABLE" FOR A STATE TO BE INVOLVED IN THE WORKFARE PROGRAM. IN ADDITION TO PARTICIPATING IN THE COST OF ADMINISTRATION, ANY SAVINGS RESULTING FROM SANCTIONS OR LESSENING IN THE FOOD STAMP PARTICIPATION SHOULD BE SHARED WITH THE STATE TO COVER THEIR COSTS OF OPERATION ENTIRELY AND REWARD THEM WITH SOME DEGREE OF EXCESS.

WORKFARE SHOULD BE MADE MANDATORY ON THE STATES WITH UNIFORM RULES. THIS WOULD TAKE OUT "POLITICAL REPERCUSSIONS" AN OPTIONAL PROGRAM WOULD HAVE BUILT-IN FOR ELECTED OFFICIALS.

AS DISCUSSED EARLIER, FLORIDA PASSED AN "OPTIONAL" PROGRAM FOR DUVAL COUNTY AND APPROPRIATED $100,000. A LIMITED NUMBER OF CITY COUNCIL MEMBERS OPPOSED TO WORKFARE'S PHILOSOPHY HAVE STALLED IMPLEMENTATION. SIMILARITIES WERE FOUND IN THE STATE LEGISLATURE PROCESS. WITHIN THE PINELLAS COUNTY PROGRAM A COUNTY EMPLOYEE SAID "... WHAT WORKFARE DOES IS TO CREATE A PERMANENT CLASS OF INDENTURED PUBLIC SERVANTS OF SEVERAL CLASS STATUS." UNLESS THE PROGRAM IS MANDATED BY FEDERAL REQUIREMENTS SUCH PHILOSOPHIES WILL NOT ACCEPT AN "OPTIONAL" PROGRAM.

CONCLUSION

WORKFARE GIVES BACK TO THE INDIVIDUAL, IN MY OPINION, HIS DIGNITY. HE IS NOT REQUIRED TO COME SEEKING HELP WITH HIS HAND OUT, BUT RATHER WITH HIS HEAD HELD HIGH! THOSE PEOPLE IN PINELLAS COUNTY, WHO TRULY NEEDED PUBLIC ASSISTANCE, WERE HELPED WITHOUT LOWERING THEIR SELF-ESTEEM.

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STATEMENT OF CHARLES S. RODGERS, SENIOR ANALYST,

ABT ASSOCIATES, CAMBRIDGE, MASS.

I welcome the opportunity to appear before this Committee to present my views on the introduction of stronger work tests, specifically workfare, in the Food Stamps Program. My remarks are based upon my own research on mandatory employment and job search programs for welfare and food stamps recipients, conducted primarily under the auspices of the U.S. Department of Labor and upon my review and analysis of the available literature on a large number of other mandatory programs for this population.

THE SHIFT TO MORE RIGOROUS WORK TESTS IN THE FOOD STAMPS PROGRAM

As you know, there has been a gradual shift in all our major income transfer programs toward stronger and more rigorous work requirements or work tests. In the Food Stamp Program, the work tests first introduced in 1971 have been modified and strengthened several times. From general obligations to register at a Local Employment Service office and be available for suitable work, the requirements have evolved into mandates that able-bodied recipients engage in active job search and, at the option of the states, participate in a workfare program. Most recently, the President's Budgetary Proposals contain the provision for making workfare a mandatory part of the AFDC and Food Stamp Program in FY 84.

The increasing reliance on policies that require that recipients take an active role in finding employment or (in the case of workfare) actually accepting unpaid public work as a condition of continued eligibility, marks a divergence from the policies of several years ago. The prior policies relied upon a variety of services and incentives to induce the able bodied on welfare and food stamps to seek and hold jobs in order to reduce their dependence on public funds. These services included training, counseling, work experience programs, and most importantly, an earning disregard that allowed recipients to retain a portion of their benefits while working.

THE RATIONALE FOR THE CHANGE TO STRONGER WORK REQUIREMENTS

The Inadequacy and High Costs of Incentive Programs

The rationale for the shift from incentive-based programs to requirements to move individuals from dependence on welfare to self-support in unsubsidized employment is based on four interlocking arguments. The most prominent of these was the inadequacy of programs to deal with the soaring costs of many of the nation's income transfer programs. These huge increases in caseloads and costs were occurring during the 1960's and 1970's when the major training and work incentive programs were in effect. The frustration with these programs and their lack of an effect on caseload increases was,

without doubt, an impetus for moving to requirements and mandatory provisions. In retrospect, it seems clear that the driving forces underlying the caseload increase would have overwhelmed the effect of most policies designed to stem this growth. During the period many more people who were eligible for welfare were availing themselves of it. In the Food Stamp Program, an outreach effort was conducted to assure that more eligible households used the program. In such a climate, the existing array of training and work incentive programs was perceived to be an inadequate response to escalating caseloads.

One response was to simply modify eligibility criteria so that fewer individuals could join the caseload. The other major response was to address the issue of incentives. The disenchantment with incentives was probably rooted in the inescapable calculus that made effective incentives extremely costly. The incentive can only be expected to work effectively if they permit the recipient to retain a significant portion of his or her benefits after earnings. Large incentives however result in higher program costs, other things equal, since lowering the rate at which benefits are reduced for every dollar earned means that recipients will be entitled to benefits at fairly high levels of earnings. In addition to raising program costs, this raises issues of equity since people on welfare will be much better off than people working at similar levels of earning who are not on welfare.

In the previous array of welfare programs, the benefit loss rate in the various programs is set fairly high in order to minimize program cost and prevent cases from retaining their eligibility for benefits at high levels of gross income. In the AFDC Program, for instance, the benefit loss rate is officially set at 67 percent. For every dollar earned, the grant is reduced by 67 cents. Thus there is a "tax" on earnings of 67 percent.

While deductions of work expenses go a long way toward reducing the actual tax rate, when households receive benefits from several programs such as AFDC, food stamps, and Medicaid, the combined effect of the individual tax rates can be on the order of 90 percent. At such rates, it would not be surprising to observe rational individuals opting to forego market earnings. In the words of one conservative analyst, the effects of the combined tax rates constitute a "poverty wall" that stiffles attempts to leave the income transfer programs.[1]

Given the choice of reducing the tax rates and incurring huge expenses in doing so, or of relying more on the obligations of recipients to seek work as a condition of their receipt of benefits, the latter option has prevailed. Work incentives simply could not be afforded.

Administrative Barriers to Prior Work Tests

Critics of the prior approaches also pointed out that the requirements that did exist were simply not adequate. Rarely were the require-

ments that recipients "be available for work" enforced. Whether or not an individual was available for work could not be determined except in the presence of a job offer. Recipients were not required to make independent job contacts with employers. Thus, the work test could only be applied when an employment agency staff member actually sent a recipient to a known job vacancy. In order for availability to be tested in these circumstances, the job still had to be available when the recipient appeared, an offer had to be made, and the outcome of the offer had to be known to agency staff. (The new job contact provisions that require a recipient to initiate the contact him or herself are designed to correct this problem.)

Not surprisingly, few recipients lost benefits for failure to cooperate with the weaker job search provisions in effect at the time. Moreover, the procedures for administering the requirements were so complex and time consuming that agency staff rarely found it useful to invoke them. The burden of proof of noncompliance was on the program staff and the complex procedures offered the well-informed recipient many avenues of avoidance. Work tests were, in most jurisdiction, completely ineffective.[2]

Who Will Take the Low Wage Jobs?

A third argument underlying the change in welfare programming has been the reemergence of the belief that some recipients do not want to work, or will not work at wage rates they can expect to obtain. For this group - and its size is not known - requirements are necessary because individual will not work without the threat of a loss of their benefits. Strong job search or work requirements will lead to reduced rolls and costs because people without an interest in work will be deterred from applying or will be forced off the rolls altogether. No one who can work will be able to collect benefits.

Unintended Consequences

The forth argument is directly related to the above, but is less frequently stated. It holds that requirements that recipients enter the labor force, regardless of the opportunities they face, are for the good of the recipients in the long run. The labor market represents the sole hope of entering the mainstream of American life. Stronger work tests are justified in terms of reversing the social damage done by protecting people from the reciprocity of the market place. They are seen as an antidote to past policies that protected low-income people from being forced into the low wage labor market. The quality of the job is irrelevant in this analysis since the establishment of a job history is a prerequisite to later success in obtaining better jobs.

Whether it is a question of requiring more rigorous job search or of actually requiring work as a condition of receipt of benefits, the new policy context has opted for enforcement of obligations of recipients and has

reduced the notion of incentive to a minimum. As this approach is being implemented, however, it is appropriate to examine its assumptions and its prospects for effective public policy. Its prospects can best be assessed by looking at what we know about how the programs have operated in the past and what the behavior of recipients has been.

WHAT THE RECORD SHOWS

There have been a number of studies of work tests over the past few years and the evidence from these studies suggests that work tests have indeed not been very effective, have not proved to justify the costs involved, and have been difficult to administer. The data also indicate that few people actually run afoul of the program for failure to actually accept a job offer or to engage in job search. While some of the findings suggest that the new policies may be more effective, they also raise problems that remain to be addressed.

Most Recipients are Not Subject to the Work Tests

The majority of adult recipients are exempt from the work tests and will continue to be under the Reagan Administration proposals. By law, adult recipients are not required to work or look for work if they are responsible for the care of children under the age of six, are old or disabled, or are subject to the work test of another income transfer program. In the Food Stamp Program, nearly 85 percent of the adults are exempt, some because they are already included in the AFDC work test.[3] Thus, whatever the perception of the welfare client, most are not required to work. By far the greatest reason for being exempted is the responsibility for caring for young children.

Few Recipients Who are Subject to the Work Tests are Actually Sanctioned

In both the AFDC and the Food Stamp programs, very few recipients are ever officially notified of a failure to comply with the regulations. And even fewer are actually removed from the rolls as a result. In a 1974 study of both AFDC and Food Stamp programs, between one and three percent of all recipients were actually denied benefits for failure to comply.[4]

In a major welfare reform study in Minnesota, under eight percent of all mandatory referrals failed to cooperate and were subject to a formal adjudication process. Five percent were actually removed from the welfare (AFDC) rolls.[5] Data from the Food Stamp Program from 1977 indicates that only 1.6 precent were terminated for failure to comply with the work test.

Prior to the initiation of the recent changes in the rules governing the employment goals of recipients, the numbers of sanctions (loss of benefits) actually imposed was very small. And, as we shall see, the work tests proved extremely difficult to administer effectively. The agencies charged with administration had little incentive to carry out enforcement

efforts and most states acted only on the most blatant cases of noncompliance. If there was a perception of work tests being ineffective, it was probably true based on evidence from the AFDC, Food Stamps, and Unemployment Insurance programs.

The "No-Show" Problem

The idea of a work test brings up visions of recipients refusing to accept job referrals or job offers. In reality, recipients get into trouble simply because they fail to attend meetings or appointments with program staff. Noncompliance is passive and occurs prior to any real program-induced labor market contact. Only a miniscule fraction of all cases of noncompliance are for failure to accept a job referral, quitting a job, or turning down an offer. In a study of the AFDC work test in Minnesota, 86 percent of the cases cited for failure to comply with the program involved a failure to appear for a scheduled appointment. Only 4.5 percent had refused a job offer or a referral.[6]

It is difficult to say why people fail to cooperate, that is, what underlies the missed appointment or the missed job interview. In some cases it is doubtless a failure to understand the rules. In others, it is an outright refusal to cooperate with the work test. And in still others, it may be that some persons on welfare simply do not have the experience in keeping appointments and adhering to schedules. What ever the underlying reality, most recipients do not refuse to work, they simply do not show up for their appointments with the program.

Administrative Weaknesses

Work tests are not simple to administer. Compliance with job search rules is difficult to monitor; more than one organizational unit is involved in carrying out the work tests; and the movement of individuals on and off the welfare rolls often renders the application of sanctions irrelevant. It is, for instance, exceedingly difficult to detect some violations of job search requirements, where the recipient is required to seek and accept offers of work. If an agency staff person suspects that a reported job contact or interview did not in fact take place, verification requires that the staff person locate the specific individual whom the recipient alleges he contacted. Assuming this individual can be located, he must recall the recipient's contact and his own decision regarding the recipient's job search. This process has several stages at which the trail can be lost and the verification process halted. Consider, for instance, a case where the recipient appeared at a job interview but manifested behavior designed to deter a job offer. What is notable is that the enforcement of a recipient's job search may require a great deal of time on the part of the staff member and often necessitates the cooperation of the employer. Since employers have no stake in the outcome, they have no incentive to cooperate in this process.

The continual movement on and off of welfare and food stamp rolls is another source of friction in the enforcement process. Quite simply, it is often impossible to impose penalties for noncompliance because the individual who violated the regulations may already have left the rolls by the time the necessary paper work has been completed. The imposition of a penalty involves two separate units in most welfare programs. The unit that administers the work test is responsible for detecting violations and notifying the income maintenance unit that administers the grant or benefit. If the work test monitoring unit does not have up-to-date information on the status of the clients it is working with, it often finds itself calling for penalties on cases that are already closed. Yet, the two units rarely share information on a timely basis and the effectiveness of work tests are frequently reduced because of this.

In the Minnesota study, it was shown that nearly 90 percent of those clients who had failed to comply with the work test left the welfare rolls. However, only 68 percent had been terminated for reasons having to do with failure to comply with the work test. The other 32 percent presumably left the rolls for reasons totally unrelated.[7] It is, in part, due to this phenomenon that work tests are frequently judged to have costs exceeding savings in benefits. That is, a part of the savings (benefits not paid) supposedly resulting from the work test would have occurred even without a work test. A key element in effective administration is an accurate and up to date information system that keeps track of case status and that is shared with the unit responsible for monitoring compliance. Unfortunately, such a situation is the exception rather than the rule and a great deal of time is spent documenting noncompliance by recipients who are no longer on the rolls.

The Costs and Benefits of Work Tests

In spite of the prominent cost-saving rationale underlying the support for more stringent work tests, there is as yet little evidence to indicate that current provisions pay for themselves. In the ongoing evaluation of the Food Stamp Workfare Demonstration, the costs of workfare seem to be more or less equal to the benefits. The estimates of the benefits "range from a net gain of $5 per person to a net cost of $9 per person."[8] In the Minnesota Study, a much more restricted analysis was conducted, comparing the costs of imposing sanctions with the benefits of saved welfare payments. Using this narrow cost-benefit framework, the average cost of enforcing the work test was more than $1,000 per case ultimately closed. In order for this cost to be recouped, the noncompliant individual would have to remain off of the welfare rolls for at least eight months, since the average saving was $135 per month. Given the case load dynamics in the Minnesota Study, it is estimated that the costs were not recouped and that the actual cost to benefit ratio was .82.[9]

These two studies raise serious questions regarding the cost-effectiveness of two different work test programs. Both these programs had several major design flaws. In both the AFDC and the Food Stamp Programs, recent changes have increased the likelihood that more stringent job search provisions may pay for themselves. This determination has yet to be made, however. In the meantime, these limited bits of evidence argue against overly optimistic forecasts of how tougher work requirements actually save scarce federal and state funds. More stringent work tests cost money. If no more money is appropriated to administer these provisions, it is safe to assume that others will not in fact be implemented.

SUMMARY

There are four major points that I would like to make in summation. The first is that previous workfare and work test provisions for AFDC and Food Stamp Program recipients have primarily encountered problems in administrative procedures. When programs have failed it is frequently because they have not adequately addressed the nitty-gritty of effective management. Workfare, more than most types of work tests, requires demanding administrative controls and management techniques. There must be accurate information on caseloads that is immediately updated. Information on participants must be shared on a timely basis between the staff who are responsible for the benefits and the staff who manage the job search and workfare component. Staff from both of these units must fully understand the regulations that apply and must be willing to execute them . Program guidelines must be clear and unambiguous. Workfare is a complex process and demand effective management systems if it is to succeed. It is doubtful whether many jurisdictions currently possess there attributes.

Assuming that the administrative procedures can be successfully implemented, one should consider the appropriateness of the requirement that workfare be adopted in all jurisdications. Two important considerations should influence this decision. One is that there is no evidence from a cost analysis conducted according to scientific standards that workfare programs pay for themselves. There are demonstrations in progress that will examine this issue, but final results are not yet available. Before workfare is mandated, it is appropriate to determine whether it constitutes a good investment of federal dollars.

The second consideration is that there may be less costly approaches to the problem. A variety of new and more stringent approaches involving supervised individual job search and group job search techniques have the potential to test effectively the willingness of recipients to work. These approaches are likely to be less costly to implement and may be equally effective in penalizing those who are willing to seek and accept employment. This is especially true given the recent changes in the Food Stamp Program that increase the disqualification period and streamline the sanction process. Again, there are demonstrations in progress that are testing these approaches.

What we know about the problem in administering work tests and the nature of the interaction between the world of work and the receipt of benefits suggests that local options and flexibility are important. It is unlikely that any one approach is appropriate or effective policy with regard to the work obligations of income transfer program beneficiaries. The population is extremely heterogeneous and the variations in local labor markets are such that what works well in one jurisdiction may not achieve its goals in another.

Moreover, as has been noted, workfare has not always been successfully implemented where it has been tried. If political and administrative support is lacking, it can be anticipated that workfare will not be effectively implemented. This was the situation, for instance, in both Massachusetts and California programs.[10] Some states and local jurisdictions are enthusiastic about the approach and operate programs that appear to function well. Others are opposed. Without active support, an effective program is unlikely to result. The mandate that states adopt workfare is likely to result in a program whose faithful execution is more likely to be the exception than the rule in many states. It would be unfortunate if workfare were to be added to the roster of programs whose implementation was unsuccessful for failure to consider the political and administrative realities and preferences at the local level.

NOTES

1. Martin Anderson, Welfare: The Political Economy of Welfare Reforms in the United States (Hoover Institute: Stanford, CA: 1978), p.43.

2. See, for instance, U.S. General Accounting Office, Food Stamp Work Requirements - Ineffective Paperwork or Effective Tool, CED 78-60 (Washington, D.C.: General Accounting Office, 1978); Camil Associates, Services to Applicants Required to be Registered with the U.S. Employment Service, final report submitted to the U.S. Department of Labor, Employment and Training Administration, under Contract No. 20-42-75-42 (Philadelphia, PA: Camil Associates, 1979); Robert Evans, Jr., Barry Friedman, and Leonard Hausman, The Impact of Work Tests on the Employment Behavior of Welfare Recipients, research monograph submitted to the U.S. Department of Labor, Employment and Training Administration, prepared under Grant No. USDL-L-73-119, 1975.

3. "Survey of Characteristics of Food Stamp Households," U.S. Department of Agriculture, Food and Nutrition Services, February, 1978.

4. Evans, Friedman, and Hausman, op. cit., p. 40.

5. Charles Rodgers, The Administration of the Work and Training Requirement in the Work Equity Project, final report submitted to the U.S. Department of Labor, under Contract No. 20-25-77-15 (Cambridge, MA: Abt Associates, 1981), p. 12.

6. Charles Rodgers, op.cit., p. 18.

7. Ibid., p. 17.

8. "Third Interim Report to Congress: Food Stamp Workfare Demonstration Projects," Office of Analysis and Evaluation, Food and Nutrition Services, U.S. Department of Agriculture, June, 1982.

9. Rodgers, op.cit., p. 25.

10. See, for example, Friedman et.al, An Evaluation of the Massachusetts Work Experience Program, final research report submitted to the U.S. Department of Labor, under Contract No. 51-25-78-02 (Waltham, MA: Brandeis University, 1980); and State of California, Employment Development Department, Third Year and Final Report on the Community Work Experience Program, April, 1976.

STATEMENT OF PETER G. GERMANIS, POLICY ANALYST,
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My name is Peter Germanis. I am a policy analyst in economics at The Heritage Foundation, specializing in social welfare policy.

Expenditures on welfare programs have been rising at an alarming rate over the last two decades. A principal cause of this enormous expansion is the work disincentive created by continual benefit liberalizations. Rather than paving the way for a higher standard of living and encouraging welfare recipients to become self-supporting, however, many of these government programs have tended to foster a dependency on welfare.

The alternative to the self-defeating, degrading system of the dole which long has characterized the U.S. welfare system is a program known as "workfare," in which employable recipients of public assistance--primarily able-bodied males and mothers of school age children--must perform some public service without pay in return for their welfare benefits. Its objective is to promote financial independence by giving people greater incentives to seek out unsubsidized employment. This work requirement is crucial for successful welfare reform because it is the most effective way to offset many of the work disincentives now created by the welfare system.

There are several inherent advantages to the quid pro quo concept of workfare, regardless of whether it is applied to AFDC, food stamps or other welfare programs.

The community receives something in exchange for its assistance. All communities surely have work that needs doing but has been ignored because of bedgetary constraints. Admittedly, workfare participants' contributions may be small, but since the welfare grants would be paid whether or not work is performed, the community's gain nevertheless is real. Among some of the jobs created by workfare in some of the optional AFDC workfare programs are maintenance, custodial, day care and library services and assistance to police

and emergency medical personnel. Existing workers are not displaced since workfare project tasks would not otherwise have been performed. In fact, federal requirements prohibit any such assignments from replacing paid positions.

Participants in the program may find that their attractiveness to potential employers has been enhanced through their exposure to a working environment. Even if the jobs provided give little in the way of training, they introduce work disciplines. Such informal training encourages development of crucial work habits--punctuality, dependability and good working relations with fellow workers. The work experience also gives participants a chance to gain the kind of references, such as a letter of recommendation, which will help them in future job searches. The workfare experience thus may very well enhance the value of participants as productive members of the workforce and ease their transition into unsubsidized employment.

A workfare program may also help to instill the American work ethic not only in the program's participants, but in their children as well, who would become accustomed to seeing their parents working for a living.

A workfare program may reduce welfare costs by deterring some persons who should be self-supporting from remaining on the dole. Though not intended as a primary objective, workfare has a "deterrent effect" that eliminates welfare recipients who either refuse to participate or have another source of employment which prevents them from doing so. Establishing a work requirement would give employable recipients an incentive to seek other, more attractive means of support when they realize that their benefits are no longer free. Workfare has proved an effective means of sizeably reducing the fraud and abuse so prevalent in our current system by encouraging the departure of undeserving recipients, thereby reducing the burden on the taxpayer and making more money available for those in genuine need.

Finally, a program of workfare may increase the public support for welfare programs by assuring taxpayers that all those capable of working are in fact doing so. Numerous polls have also shown that 80-90 percent of the population favor a program in which recipients of welfare work for their benefits.

While the record for current and past experiences in mandatory work programs is mixed, there is every indication that these programs can work if they are properly administered.

In conclusion, I think it is important to stress that the purpose of workfare is not to put the poor to work on workfare projects, but to get them into the productive and rewarding labor force by improving the incentives for serious job search. By reducing welfare dependency, a comprehensive workfare program can play an integral role in revitalizing the economy.

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The Heritage Foundation)

WORKFARE: BREAKING THE POVERTY CYCLE

INTRODUCTION

Expenditures on welfare programs have been rising at an alarming rate over the last two decades. A principal cause of this enormous expansion is the work disincentive created by continual benefit liberalizations. Rather than paving the way for a higher standard of living, however, many of these government programs have tended to foster permanent dependency on welfare by providing benefits of greater value than the income an individual could earn by working. In effect, the American welfare system allows an able-bodied individual to ask himself: "Will I be better off if I work or if I allow myself and my family to become dependent upon the work of other individuals?" A system permitting this question to be posed is a system desperately in need of review and reform.

Encouraging welfare recipients to become self-supporting is supposed to be a major objective of many government programs. Most of these programs provide recipients cash incentives to work their way off the dole. In many cases, however, the result has been that individuals with relatively high incomes continue to receive welfare benefits. Office of Management and Budget Director David Stockman has voiced skepticism concerning such a system: "I just don't accept the assumption that the federal government has a responsibility to supplement the income of the working poor through a whole series of transfer payments. We believe that the guy who takes two jobs and makes $26,000 a year shouldn't be obligated to transfer part of his income and taxes to the guy who's making $10,000." Moreover, although these programs may be designed to aid the poor, in the long run they actually may lower their living standard by discouraging them from entering the labor market where they could acquire the job skills that eventually could lift many from poverty's depths.

There is an alternative to the self-defeating, degrading system of the dole which long has characterized the U.S. welfare system. This alternative is widely known as Community Work Experience Programs (CWEP), or more commonly as "workfare," in which employable recipients of public assistance--primarily able-bodied males and mothers of school age children--must perform some public service without pay in return for their welfare benefits. Robert Carleson, who was Governor Reagan's welfare director in California, and who as Special Assistant to the President for Policy Development helped draft the Administration's current workfare proposals, maintains: "Anyone who is capable of working should expect to earn their own welfare benefit." As such, workfare reflects the American work ethic. Its objective is to promote financial independence by giving people greater incentives to seek out unsubsidized employment. This work requirement is crucial for successful welfare reform because it is the most effective way to offset the work disincentives now created by the welfare system.

As part of an overall welfare reform package, the Reagan Administration is proposing "workfare" for beneficiaries of the Aid to Families with Dependent Children program (AFDC).[1] This would replace the Work Incentive Program (WIN), which was established in 1967 to provide eligible recipients with training and

job placement services. While the Omnibus Reconciliation Act of 1981 gave states the option of requiring AFDC recipients to work in exchange for their benefits, the Administration's new proposals would make this mandatory.

BACKGROUND

The Omnibus Reconciliation Act of 1981 substantially altered the structure of the AFDC program. Particularly controversial were reforms affecting the "working poor," many of whom had their benefits reduced because of limits placed on the "disregards" subtracted from earnings. Prior to this legislation, benefits were determined by disregarding a recipient's first $30 earned in a month plus one-third of his remaining income. In addition, child care and work-related expenses were deductible. The original intent of these disregards was to encourage AFDC recipients to find work and become self-supporting. Congress did not intend these provisions to become permanent income supplements to working families. These provisions, however, often allowed extraordinarily large deductions, permitting families with relatively high earnings to remain on AFDC. In June 1980, for example, a family of four could receive benefits even if the family's yearly earnings were above $18,000 in four states, above $15,000 in fifteen states, and above $10,000 in all but seven states.[2]

The 1981 reforms placed a cap on the work and child care disregards and only allowed application of the $30 and one-third disregards to the first four months of a recipient's employment. These reforms became necessary because the disregards apparently had failed to achieve the results originally envisioned by Congress; they did not significantly alter work incentives for the poor. Indeed, the proportion of AFDC mothers who have worked has remained constant over the years: 14.3 percent in 1961, 14.9 percent in 1967 (when the $30 plus one-third disregards were passed by Congress), and 14.1 percent in 1979. There was, moreover, little increase in the number of welfare mothers achieving self-sufficiency. These disregards frequently subsidized families quite capable of supporting themselves. Last year's changes still offer some incentives to seek employment, while ensuring that dependency on welfare ends when a family's earnings are sufficient for self-support.

Critics of these reforms argue that they may actually discourage many AFDC recipients from working because, in many states, doing so would add little or nothing to a family's net income. What these critics ignore, however, is that those recipients considered employable may not be given a choice. The 1981 reforms allow states to set up workfare programs requiring recipients to work in exchange for benefits in public service jobs at public or nonprofit agencies, known as work-site sponsors. These sponsors are usually responsible for supervising the participants; some sponsors supply the equipment necessary for the work. But because this program was not mandatory, fewer than half the states have embraced workfare.

PROGRAM DESIGN

The Administration has now introduced proposals that would strengthen and complement last year's reforms. AFDC applicants currently are not required to seek employment until after their eligibility has been established, and then for no more than eight weeks a year. The current proposals would mandate that applicants seek work during the application period as well as after, at periodic intervals as determined by the states. Mandatory job search is designed to ensure that private sector employment remains the primary objective for these individuals.

If the job search fails, able-bodied recipients of assistance would be required to participate in a Community Work Experience Program. States would also be given flexibility to develop job search and work programs that most effectively meet the needs of both the state and the program participants. Many public and private nonprofit agencies have the capacity to administer the workfare program without additional staff. Employees of these agencies, moreover, may gain supervisory experience by dealing with workfare participants. In addition, a state has the flexibility to create day care centers that make use of the services of AFDC recipients on CWEP assignment where they take care of the children of other AFDC recipients on CWEP assignment. According to the 1977 Recipient Characteristic Study, 41.5 percent of the families on AFDC nationwide reported that their youngest child was between the ages of 6 and 20. This indicates that many such families have children who are in school and would not require full time day care if their working hours were adjusted to coincide with school hours. The number of hours a participant works would be determined by taking the amount of the grant and dividing it by the federal minimum wage. States would be allowed to apply for a special waiver of this requirement to set a standard hour work requirement, if they so desired. The number of hours worked could then be bound by an upper limit to allow individuals time for job search and a lower limit to assure work-site sponsors a stable work force. The federal government also would provide a maximum of $25 per month for work-related expenses. Those failing to meet their assigned work requirements would be dropped from the rolls, unless they are participating in a program of job search or employment activities or training.

RATIONALE

The primary purpose of the Administration's strict job search requirements is to assure that employable adults applying for AFDC actively will pursue unsubsidized employment. By diverting potential recipients into employment, the cost of the program eventually could be cut. Several existing job search programs already are cost-effective.

Example: Oregon's Coordinated Job Placement Program. About 10 percent of the applicant pool was kept off the rolls in fiscal 1981 because the applicants had found employment. Oregon's AFDC caseload has declined by 25 percent since the job search program began in August 1980, despite a 40 percent rise in the unemployment rate.

Example: In Kent County, Michigan, the job search demonstration program for unemployed parents cut the caseload by 60 percent. Of that, one-third found jobs before collecting benefits and the remainder either withdrew their applications or were dropped from consideration for refusing to participate.

The program thus tends to discourage those unwilling to work from viewing welfare as an alternative. Other states and localities also report that job search is an effective tool in placing welfare recipients in jobs, even in areas plagued by high unemployment. The Administration projects that the AFDC caseload will be reduced by over 150,000 through a national mandatory job search program.

There are several inherent advantages to the <u>quid pro quo</u> concept of workfare.

1. The community receives something in exchange for its assistance. All communities surely have work that needs doing but has been ignored because of budgetary constraints. Admittedly, workfare participants' contributions may be small, but since the welfare grants would be paid whether or not work is performed, the community's gain nevertheless is real. Among the jobs created

by workfare in some of the optional CWEP programs are maintenance, custodial, day care and library services and assistance to police and emergency medical personnel. Existing workers are not displaced since workfare project tasks would not otherwise have been performed. In fact, federal requirements prohibit any CWEP assignments from replacing paid positions.

II. Participants in the program may find that their attractiveness to potential employers has been enhanced through their exposure to a working environment. Even if the jobs provided give little in the way of training, they introduce work disciplines. Such informal training encourages development of crucial work habits--punctuality, dependability and good working relations with fellow workers. The work experience also gives participants a chance to gain the kind of references, such as a letter of recommendation, which will help them in future job searches. The workfare experience thus may very well enhance the value of participants as productive members of the workforce and ease their transition into unsubsidized employment.

III. A workfare program may reduce welfare costs by deterring some persons who should be self-supporting from remaining on the dole. Though not intended as a primary objective, workfare has a "deterrent effect" that eliminates welfare recipients who either refuse to participate or have another source of employment which prevents them from doing so. Establishing a work requirement would give employable recipients an incentive to seek other, more attractive means of support when they realize that their benefits no longer are free. Workfare has proved an effective means of sizeably reducing the fraud and abuse so prevalent in our current system by encouraging the departure of undeserving recipients, thereby reducing the burden on the taxpayer and making more money available for those in genuine need.

EXPERIENCE IN WORKFARE

The record of other current and past experiences in mandatory work programs is mixed. Careful analysis, however, indicates that these programs can work if they are properly administered.

One of the most efficiently administered workfare programs is in Cincinnati, which has been part of the General Relief welfare program for over 40 years. Most of the work has little skill content, with heavy emphasis placed on having the participants put in their time. The program appears to have been cost-effective. Notes one evaluation:

> There is a very high initial attrition rate, when people realize they have to work for their benefits. It is sometimes necessary to assign 200 people to get 50 to show up at the work site. The average no show rate may run as high as 60-75%...although the deterrent effect and the reduction in the caseload is not an explicit objective, it is an obvious reality.
>
> Although no formal cost/benefit assessments have been made, the amount of GR grants money saved from case closings and the deterrent effect, appear to be far more than the costs of administering the program. On that score alone the program has won general support and agency endorsement.[3]

Critics of the Administration's workfare proposals contend that, unlike the General Relief population, most AFDC recipients are mothers with small children and, therefore, are not able to work. The 1980 Census Report, however, reveals that over half of America's mothers, in fact, do work. Moreover, because of the flexibility that states are given in setting up their programs, some workfare participants could be employed as day care center aides, thereby alleviating child care problems for mothers.

A second workfare program, and one which very likely will receive a great deal of attention because it is part of the AFDC program, is the Utah Work Experience and Training Program (WEAT). For many years, Utah was the only state with a statewide mandatory work program that included AFDC recipients, although it exempted mothers with children under the age of six. Utah's WEAT program, established in 1974, requires employable recipients to work three days a week and to participate in job search for two days.[4] This approach assures work-site sponsors a stable work schedule. A twelve-week limit on workfare participation ensures that workfare participants do not become permanently dependent on workfare in place of regular employment.

Of those assigned to projects, 27 percent were removed because they failed to perform. Usher West, who heads the Utah program, acknowledges that "WEAT had a general housecleaning effect." In addition, the program also helped many of those assigned work by enhancing their employability. The Wall Street Journal reported:

> One of those who benefited is Dennis Wickert, a 42-year-old Marine Corps veteran with a ninth-grade education. A combination of inadequate training and absences caused by problems with bad gums, plus relentless bill collectors, bounced him from the last of several service-station jobs and back onto AFDC several years ago, Mr. Wickert recalls. Indeed, he was feeling like a loser, until the WEAT program assigned him to a neighborhood maintenance crew working out of a local community-action office.
>
> After that "I could walk up to my neighbor and say I earn my welfare money, it's honest," he says with conviction. Mr. Wickert's performance persuaded his employer to hire him as a crew chief. Today he is off AFDC, earning $800 a month plus some extra cash from odd hauling jobs done with his own truck.[5]

A third workfare experience is the California Community Work Experience Program (CWEP). This program is also likely to be scrutinized carefully since President Reagan initiated it while governor of California and because it is the blueprint of the Administration's current proposals. CWEP was a three-year demonstration project, developed as part of the 1971 Welfare Reform Program. AFDC recipients were required to work a maximum of twenty hours a week in public service jobs in exchange for their welfare grants. Although there was no monetary reward for the work, the state reimbursed participants for work-related expenses. The basic goals of the program were

> "to demonstrate that mandatory participation of employable AFDC recipients in a community work program:
>
> a. is both administratively feasible and practical;
>
> b. reduces the extent of dependency on welfare by facilitating recipients in obtaining regular employment;
>
> c. diminishes the rate of the new welfare applications by encouraging potential applicants who are employable or have an employable family member to seek out other means of support; and
>
> d. results in a reduction in overall welfare costs; i.e., reductions in aid payments or in caseload growth rates will be greater than the additional costs involved in Community Work Experience Programs and will result in a savings.[6]

A year after the experiment ended, a California Employment Development Department report concluded that CWEP had failed to achieve its initial objectives. According to the report, the program did not demonstrate that workfare would deter people from applying for welfare by warning them that they would have to work even if they did receive assistance or that those already on the rolls would get off them to take jobs on their own. In fact, fewer people in CWEP counties left welfare to take jobs than in non-CWEP counties. The program also did not prove to be administratively successful.

There were several important factors, however, constraining the effective implementation of CWEP. First, a pending court case and the threat of an injunction made many counties unwilling to establish workfare programs until well into the second year of the project, while 23 of California's 58 counties did not establish a program at all. A decision that further eroded any chances for success was the California legislature's vote in 1974 to abolish the program altogether, a bill subsequently vetoed by the governor. Moreover, programs such as the Work Incentive Program and the Public Employment Programs also tended to compete with CWEP for the employment of welfare recipients. This led to fluctuating participation levels. Stated the Employment Development Department: "Such an off-and-on approach to a program neither built enthusiasm in responsible staff, nor caused user agencies to look upon CWEP as a reliable source of workers." CWEP failed, in sum, not because it was based on flawed principles, but because it was never really given a chance to work. Charles D. Hobbs, Chief Deputy Director of Social Welfare for California during the Reagan Administration and one of the chief architects of the California Welfare Reform Program, observed:

> An attitude of polite disdain and inaction toward the legislative directives to implement CWEP has been fostered by the liberal elements of the Legislature, who opposed its inclusion in the 1971 Welfare Reform Act, and has filtered down through the ranks of employment and welfare workers reflecting the attitudes of their Washington, D.C. and Sacramento bureaucratic leaders. Appraisals of CWEP's performance have been and will continue to be negative, for the simple reason that, to repeat, CWEP has not really been implemented as it was conceived. (emphasis in original)[7]

Among the examples of state workfare programs, the most instructive may be that of West Virginia. It takes advantage of a 1981 federal law allowing states to design their own Community Work Experience Programs in the public and nonprofit sectors.

West Virginia began its CWEP and job search program for AFDC recipients on January 4, 1982. The progam already has assigned 1,200 individuals to jobs at 350 different organizations in countries throughout the state. These people are working in a wide variety of areas. Among the jobs created are meter maids, police helpers, ambulance assistants, library and park aides, clerical workers and laborers. These jobs did not exist before the workfare program because there were no revenues to fund them. The work performed by these individuals would not otherwise be done, thereby providing the taxpayer with public services and the program participants with on-the-job training. By integrating the CWEPs with existing work programs, West Virginia has not had to expand its administrative staff. The success of the program among the public and the participants thus far has evoked the praise of the state's Welfare Commissioner, Dr. Leon Ginsberg:

> There is enthusiasm on the part of many of these individuals to work, and many are regularly engaged in looking for jobs. We think that the Community Work Experience Program will both assist non-profit organizations and local government in carrying out some of their responsibilities and will also help the clients maintain their

> work skills and motivation to be employed. I believe it is correct to suggest that this program is widely popular with the public.[8]

States preparing to establish workfare programs of their own would do well to closely monitor the experience of West Virginia.

WORKFARE FOR FOOD STAMP RECIPIENTS

The concept of workfare should be expanded to other welfare programs, such as food stamps. Preliminary review of seven pilot workfare projects run for the food stamp program indicates that savings in this program could also be achieved by reducing dependency. The first-year results of the program show that 28 percent of the 3,515 individuals eligible to participate lost their benefits because they did not meet the program requirements. John Flynn, county supervisor in Berkley County, South Carolina, attributed the success of their food stamp demonstration program to several factors: "They either didn't need food stamps or they went out and got gainful employment. Either way it takes the people off the food stamp program because if they don't show up to work they don't get the food stamps obviously."[9]

On June 14, the Senate Agriculture Committee, by a vote of 11 to 5, adopted an amendment to the Food Stamp Act of 1977 to require states to impose either a mandatory workfare program, administer an employment requirement, or both, effective July 1, 1983. Under the program, able-bodied recipients would be required to perform public service work under a workfare job or to obtain employment in the private sector to remain eligible for food stamps. Senator S. I. Hayakawa (R-CA), who pushed for the work requirement asserted: "We've got to stop giving in to the food stamp recipients here and there and start considering the rights of the millions of hard-working Americans who pay the bill."

Exempted from any work requirement would be: 1) recipients under the age of 18 or over 60; 2) persons certified by a physician to be physically or mentally unfit for employment; 3) unmarried parents or caretakers of children under the age of 6; 4) married persons or caretakers of children under 6 if there is another non-exempt parent in the household who was working at least 20 hours a week or participating in a workfare program; and 5) recipients of unemployment compensation. Individuals able to prove that they had searched for a job but could not find one would be allowed to continue to receive food stamps, if there is no workfare program.

Some have questioned the purpose of the new employment provision given the current work registration and job search regulations. It appears, however, that the new requirement sets more stringent standards for demonstrating the ability and willingness for applicants to accept employment.

CONCLUSION

Although not all experiences in workfare have met expectations, it does appear that a properly administered program could reduce significantly burgeoning welfare costs while helping many of the poor overcome the "poverty wall" created by America's current welfare and tax systems.

It is quite possible that the recent immigrants to this country who speak no English are better off than many of the poor because the newcomers do not know how to take advantage of the welfare programs. Social analyst Tom Bethell has characterized their plight: "The newcomers are compelled to take those demeaning jobs at the bottom, but they soon work their way up, as

immigrants always have in the past, and eventually rise above those on the isolated welfare platform."[10] The purpose of workfare is not to put the poor to work on workfare projects, but to get them into the productive and rewarding labor force by improving the incentives for serious job search.

The Reagan Administration is committed to establish the AFDC program as a well-run temporary assistance program to move individuals through work programs. By reducing welfare dependency, a comprehensive workfare program would play an integral role in revitalizing the economy.

Peter G. Germanis
Policy Analyst

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1 AFDC is a joint federal-state welfare program that provides cash assistance to needy families with children in which at least one parent is deceased, disabled, or absent from the home. In some states, families with unemployed fathers are also eligible for benefits under the AFDC program.

2 These figures are based on child care costs of $150 and work-related expenses equal to 20 percent of income.

3 Office of Work Incentive Programs, "Work Relief Search for a Positive Position," unpublished draft, June 6, 1979, pp. 16-17.

4 This differs from the federal legislation, which bases the number of hours worked on the value of the grant divided by the minimum wage.

5 June 4, 1981, p. 20.

6 State of California Development Department, "Third Year and Final Report on the Community Work Experience Program," April 1976, p. 2.

7 Charles D. Hobbs, "A Review of California Welfare Work Programs," Final Report, November 1, 1974, p. 4.

8 Cited in Tom Mack, "Welfare Reform: Making Workfare Work," American Legislative Exchange Council, The State Factor, May 1982, p. 3.

9 Karen Turner and Karen Eastman, "Workfare: Can It Really Solve Our Welfare Dilemma?" County Employment Reporter Vol. 10, No. 3, June 1981, p. 16.

10 Tom Bethell, "Treating Poverty: Wherein the Cure Gives Rise to the Disease," International Institute for Economic Research, Reprint Paper 16, October 1980, p. 8.

STATEMENT OF PAUL FORDEM, CHAIRMAN, BOARD OF SUPERVISORS, COUNTY OF SAN DIEGO

Mr. Chairman, members of the Committee, I am Paul Fordem, Chairman of the San Diego County Board of Supervisors. I appreciate this opportunity to submit the County's testimony on the issue of the Food Stamp Workfare Program.

Since July 1979, the County of San Diego has been in the forefront of the test to determine the feasibility of requiring food stamp recipients to work in return for their food stamp benefits. The County was the largest of all the sites in the nation participating in the Food Stamp Workfare Demonstration Project sponsored by the United States Department of Agriculture. Additionally, in March 1983, the County became one of the first political subdivisions in the nation to implement the optional Workfare program under provisions set forth in Public Law 97-98.

During Fiscal Year 1981-82, in the County of San Diego:

- An average of 510 food stamp recipients worked each month for the benefits they received,
- approximately 225 households were removed from the food stamp rolls, monthly, for their refusal to work,
- community agencies and public organizations participating as Workfare worksites received $410,440 in free labor as a result of this program,
- sanctions applied to recipients for refusal to participate in Workfare resulted in a benefit savings of $201,817 to the Federal Government, and
- the County's non-assistance food stamp caseload decreased by 14% as opposed to a 2% increase in this caseload in the balance of the State.

The County of San Diego has established itself as a national leader in work-for-benefit programs. Public Law 97-98 incorporated many of San Diego's recommendations for strengthening and improving the Workfare program. The County has continuously committed substantial sums of scarce local resources to demonstrate the administrative feasibility of the Workfare program.

After four years of experience with the Food Stamp Workfare program, the County Board of Supervisors remains committed to the philosophy that only the truly needy should reap the benefits of our nation's welfare programs. Those who are able-bodied should work in return for their benefits. As further evidence of our support for work-for-benefit programs, the County implemented the Community Work Experience Program (CWEP) in November 1982. This program requires certain able-bodied recipients of AFDC (Aid to Families with Dependent Children) to work for their benefits. Again, we were the first and only County in the State of California to implement CWEP.

Our experience has shown us that 1) the major benefits gained from a successfully run Workfare program accrue to the Federal Government. 2) Workfare is most effectively administered when the community, the political body and the administering agency are committed to making it work. Experience indicates that absent such commitment, the benefits from mandatory workfare are insignificant or non-existent. 3) The attractiveness and viability of Workfare can be enhanced by securing the voluntary commitments of local governments to participate by providing adequate incentives. 4) The current fifty percent reimbursement of administrative cost is insufficient to cover local government net cost and acts as a disincentive for additional sites to participate.

On the basis of these observations and in response to the budget proposals currently under consideration, the County of San Diego urges you to continue the Workfare provision as an option to State and political subdivisions rather than as a mandate. In order to attract voluntary participation in Workfare, we suggest that performance-based funding incentives, with a goal of full net cost recovery for a State's or political subdivision's costs, be incorporated into Federal legislation and that the existing provision for local cost reimbursements, established in Public Law 97-253, be simplified and expanded.

The County of San Diego supports the concept of providing work instead of welfare to able-bodied recipients. The County also recognizes that administering Workfare programs places considerable demands on the resources of local governments. We believe that Workfare can be an attractive program option to local governments if participation is voluntary with performance-based funding incentives for successfully operated programs.

[The following material was submitted by Hon. Joe Malone, mayor, Bordentown, N.J.:]

CITY OF BORDENTOWN WELFARE PLAN—HISTORY AND PROGRAM

HISTORY

Early in July of 1978, Mrs. Beatrice Busch, Bordentown City's partime Welfare Director of 19 years announced her retirement, effective July 31. At about this same time, a representative of the New Jersey Department of Human Services, Division of Public Welfare visited her office. He insisted that under New Jersey Statutes Municipalities such as Bordentown, are required to employ a full time Welfare Director, a full time case worker, provide a $500.00 petty cash fund. Because there is no waiting room at this time—The City must furnish one.

Realizing that the costs involved in conforming with these demands would far exceed the funds being disbursed to the welfare applicants the governing body decided to withdraw from the partially funded State program, and operate its own assistance program, without any State Aid whatsover.

Regular office hours were established, the second and fourth Mondays, from 6:30 to 7:30 P.M., which was just prior to the regular City Commission Meetings. In addition, someone from the governing body would be available at any time on very short notice to hear emergency cases.

Upon learning of the City's decision various State Welfare Officials, among them Mr. G. Thomas Riti became upset and several telephone calls ensued. In addition to conversations with Mayor Malone, State Officials contacted members of the City Welfare Board and the press. One State Official, the General Assistance Supervisor, Gerald Silverstein, made many statements to the press, including unkind remarks about Mrs. Busch which promptly appeared in a local newspaper. Mr. Riti telephoned the local Baptist clergyman, Rev. Charles Jackson, a member of the local assistance board and threatened him with a personal lawsuit. Riti then called the City Commissioners and Rev. Charles Jackson into his office for a late night meeting on September 12. Mayor Malone, Commissioners Kelly and Bowker, Reverend Jackson, City Solicitor, Henry Tutek and three reporters arrived. As a result of this meeting Reverend Jackson and the remaining three members of the local assistance board all resigned, and G. Thomas Riti sent the case to the Attorney General's Office.

In the meantime the City Commissioners continued to administer their own form of local assistance which required able-bodied people to work for their assistance. Applicants were asked to perform various duties about the town at a rate of $2.65 per hour. For example, in exchange for a $35.00 food order a person would be required to work for approximately thirteen hours. People who looked well enough to work, but claimed they were not, would be required to visit their family doctor for a physical—the City would assume the cost. Anyone ill or unable to work and needed assistance would not be denied.

It soon became obvious that the City could administer a much more effective assistance program at far less expense, by having no part of the State bureaucracy. Earlier this year the City was forced into a $2000 emergency appropriation for Welfare because the State was slow in reimbursing its share of the assistance costs. During August of 1977 assistance cost the City $2,273.96, and by contrast, August of 1978 cost but $16.70.

Assistant Attorney General Silkowitz appeared at Superior Court on November 1st asking for temporary injunction on behalf of the State to halt the Bordentown Welfare Program. This request was denied, pending outcome of a hearing set for later in the month in the same court. On November 21st Judge Alexander Wood handed down an opinion that ended the Bordentown City Welfare Program as of December 15th; also the Judge ordered that the Commissioners were to appoint a Welfare Board which in turn was to name a Welfare Director who must conform to State rules and regulations. The Commissioners named the new welfare board on December 8th. One of the requests of Mr. G. Thomas Riti was that the Judge name Mr. Ben Blackson of Bordentown as Welfare Director, even though this was denied by Judge Wood. Mr. Blackson, allegedly while being accompanied by Acting Director. Mrs. Audrey Massiah, who is of the State Welfare Department, at the League of Municipalities Convention in Atlantic City registered as Bordentown City Welfare Director. Mrs. Mackinnon, Bordentown City Clerk received a phone call from someone at the League of Municipalities Office in Trenton, asking verification of Mr. Ben Blackson as City Welfare Director, as he had allegedly phoned there, claiming him-

self as City Welfare Director and asking for information and advice relating to that office.

At this time the City has received additional support from the Mid Atlantic Legal Foundation of Philadelphia who is intervening on our behalf respresenting numerous City taxpayers in what might become a class action suit. In addition to the legal help of this foundation, the City is beginning to receive donations from throughout the State and nation on what has become a national issue of great interest.

The single most distressing aspect of this entire situation has been the heavy handed manner in which the Bordentown City Welfare Director and the volunteer local assistance board has been treated by Mr. G. Thomas Riti, the Director of the Department of Welfare. The entire sequence of events in this issue have been complicated by the unwillingness of the State of New Jersey Department of Welfare to listen to our problem and deal with us as a full partner in the quest to find the best means of meeting the needs of our disadvantaged residents.

OUTLINE

The following is a general outline of the Bordentown City Welfare Program that was instituted in August of 1978.

Interviewing hours were set up for the 2nd and 4th Monday evening every month from 6:30 to 7:30 p.m. It was also announced that anyone having emergency needs could contact any one of the Commissioners at any time. The City prepared a questionnaire which is contained in the Booklet. The questionnaire was simple and straightforward and contained all the information that would be necessary for a reasonable person to make a judgement as to the need, and the health record of an individual. We also kept a Journal of discussion with the applicants so we could keep a general record of the proceeding of our interview. We would discuss problems with recipients and base a decision on the information presented by the applicant on our personal knowledge of the situation and the information we received in the research of the particular case. If a question arose as to the medical fitness of a person that question was decided by a physician. If a pharmaceutical question arose that was decided by a druggist. Each person was treated as an individual and assistance was granted with the highest concern for the recipients dignity and privacy.

The Workfare portion of our program was very simple. After it had been determined that a person was physically able to work we discussed with the individual how he or she wished to be involved in the program. We would discuss the types of work available and we set up the work schedule as per the wishes of the recipient. The work tasks that were discussed were within the range of work tasks performed by any City workers on any given day. We would discuss with the individual his or her job skills and offer to help them find a job in the area which they felt most competent. We had discussed with several large industries about placement of recipients in full employment jobs and received very favorable responses from them on hiring recipients. The City has a very successful CETA program which has in the past trained and placed in full employment jobs several past trainees. This program was also available within our Workfare program. In addition to the workfare and CETA program we have placed unemployed persons to full time temporary positions with the City until we could find other employment or the individual found employment himself. The most significant part of our program was our ability to coordinate the resources of the entire county which consisted of various welfare organizations as well as the senior citizen groups along with various Churches. We are totally committed to and continue to be committed to the proposition that we in Bordentown if given the opportunity can justly and compassionately meet the needs of our citizens.

GOALS

1. To meet the needs of the disadvantaged in Bordentown.
2. To promote dignity and pride of accomplishment.
3. To provide a means by which a person can work in his or her community.
4. To eliminate the stigma of the term "welfare hand-out".
5. To renew ones self respect.
6. To promote the work ethic.
7. To insure that everyone enjoy the rights and benefits that the City of Bordentown has to offer.
8. To be cost effective with public funds.
9. To provide work that will be a betterment to the community.

10. To promote a partnership of all City Welfare Organizations so they might work more effectively toward the purpose of servicing the needs of the community disadvantaged residents.

QUESTIONS

On the following pages you will find what many consider to be questions that arise when discussing the State of New Jersey versus City of Bordentown Programs.

State

1. Cost of the State Program.
2. Number of recipients in State Workfare program.
3. Number placed in jobs.
4. Cost per job under the State system.
5. What is the administrative cost so far this year compared to what has been spent on recipients jobs.
6. What are the advantages of a State operated workfare program.
7. Can a State program meet the needs of an individual emotionally as well as financially.
8. Does the State Department of Welfare feel that communities can meet the needs of its residents without extremely strict and rigid state regulations.
9. Does the State Department of Welfare feel that local officials will act irresponsible in handling a workfare program in their respective communities.
10. Does the State Department of Welfare feel that local officials will exploit workfare recipients for political reasons. If so point to where this has happened in the past. Either in a workfare situation or a welfare situation.
11. Are there other communities in the State who are not in the State Welfare system. If so, who?
12. Are there other communities in the State who have a form of workfare operating presently.

Bordentown

1. What is the cost of the Bordentown Workfare Program.
2. What was the number of Welfare recipients on Bordentown roles in July of 1978.
3. What was the number of recipients on the roles in August 1978.
4. What was saving of under the Bordentown program in 1978 compared to 1977.
5. What types of jobs are involved in the Bordentown Workfare program.
6. Why did Bordentown institute the workfare program.
7. Should elected officials be welfare directors.
8. Can local program meet the financial and emotional needs of recipients.
9. Do you feel your program was humilitating and demeaning.
10. Can a local program determine the physical and or mental ability of recipients to work.
11. Can a local program be flexible enough to care for the emergent needs of recipients.
12. Can a local program go beyond the basic minimal needs that a State program offers.
13. What are the advantages of a local program.
14. Do you feel that the rules and regulations of the State can be effectively administered in a small town situation.
15. Do you feel that your type of workfare program can be successful in a large City such as Trenton.
16. What do you expect to accomplish if legislation is passed allowing your community to have a local workfare program.

[Reprinted from Congressional Record, June 9, 1982]

BORDENTOWN VERSUS THE BUREAUCRATS

Mr. GARN. Mr. President, I have always believed that public assistance ought to function as a temporary support system which encourages potentially employable people to become self-sufficient. Too often, however, it happens that welfare becomes a permanent way of life, an income maintenance program that breeds dependence, rather than fostering self-reliance.

My own State of Utah has been remarkably successful over the past decade, a period of soaring inflation and unemployment, in reducing, from 4 percent to 2.3 percent, the percentage of the State's population receiving AFDC and placing recipi-

ents into permanent and meaningful jobs. Some officials claim they could do even better, and at less cost, if they had the necessary flexibility.

Obviously, every State's welfare needs are different, and no one solution can be the best, or the most efficient, or the most cost effective for all. For this reason, I support the President's "New Federalism" proposal to turn the AFDC program entirely over to the States, the level, in my view, at which it can be most effectively controlled. There appears to be at least some tentative willingness on the part of the States to take on the job.

It was with these thoughts in mind that I was particularly pleased to note the article in the June 1982 Reader's Digest by Roul Tunley, "Bordentown vs. the Bureaucrats," about how Bordentown, N.J., operates its own welfare system, with its own money, at a fraction of the normal cost. I share the conclusion of that town's mayor, Joe Malone, that the government closest to its people is the one best able to meet their needs. "Unhampered by redtape," says the author "it can be fast and flexible," especially in an emergency. I urge my colleagues to give this article some serious thought, and ask that it be printed in the Record.

The article follows:

BORDENTOWN VS. THE BUREAUCRATS

(By Roul Tunley)

Four years ago, Joe Malone, the mayor of Bordentown, N.J. put a broom in the hands of a welfare applicant and raised a cloud of controversy that hasn't settled yet. In the process. Malone has done much to popularize the idea of "workfare," i.e., able-bodied people working for their welfare money. "Most people who need help don't want to get something for nothing," he says, "It's degrading."

Because of the storm he created, Joe became a folk hero to Americans fed up with what he calls the "welfare mess." In addition to receiving thousands of letters hailing his stand, he has appeared on numerous radio and television programs. Not long ago, he was called to Washington for discussions with President Reagan and with Secretary of Health and Human Services Richard Schweiker, who is studying the advisability of a national workfare program.

The stage was set for the Bordentown brouhaha when a state official decreed in August 1978 that the blue-collar town of 5000 must have a full-time welfare director and a caseworker to deal with its handful of relief recipients—24 people on General Assistance.[1]

At the time, Bordentown's welfare budget ran only $32,000 a year, and the caseload was efficiently handled by one person working part-time. "The state's demands would have cost an additional $30,000," says the mayor. "It didn't make sense."

Bordentown told the state to keep its money. (The state had been paying 75 percent.) Then the town announced that welfare recipients would have to re-register, and that the able-bodied would be required to work. In the three months after Bordentown's new rules went into effect only four people registered.

Two were qualified for jobs: one, Mary Eltonhead, a widow in her 40s, said she had arthritis and was unable to work. When her doctor disagreed, welfare benefits were withheld. The other, 29-year-old Jo-Anne Gibbs, needed $135 for rent. She'd lost her job and her husband was ill. Bordentown paid the rent bill and she worked it off, at the minimum wage, by tidying up the community center.

State welfare director Thomas Riti was incensed by Bordentown's action. He gave an interview saying the town's poor were being exploited and stripped of their dignity. Ironically, town and state had the same goal: putting employable welfare people to work. In fact, the state itself had passed a workfare law in 1977, requiring municipalities to refer able-bodied persons to work-orientation classes. If, after three months, they hadn't found jobs, they were to be assigned to municipal tasks, receiving a maximum of $119 a month to work off payments. If they refused, welfare payments would be stopped.

The state law went into operation about the same time Bordentown's did. Out of the 16,000 persons certified as employable during its first five months, a mere 918 actually went to work, and the number of welfare applicants dipped only slightly: A staff of 62 persons, costing taxpayers close to $1 million a year, was required to run this operation. In contrast, Bordentown cut the number of people drawing relief checks by some 90 percent and shaved welfare costs proportionately.

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[1] A catchall welfare category covering mostly single persons and childless couples. It has nothing to do with dependent children, the handicapped or the aged who receive supplemental Social Security payments.

But New Jersey's welfare bureaucrats declared the Malone plan illegal and obtained a court restraining order stating "no work requirements shall be imposed save by referring each applicant to the New Jersey Employment Service."

Undeterred, Malone came up with an ingenious voluntary plan. People were offered a choice of signing up with the state and possibly getting a job later, or of going to work immediately for the town, and at higher wages.

Meanwhile, state investigators set out to bolster charges that Bordentown had wrongfully deprived needy persons of welfare benefits. Only Mrs. Eltonhead and Joe de Silvio, a young man incapacitated by heart disease, signed complaints. The town had approved funds for de Silvio's treatment but denied him hospital costs because these were covered by Medicaid. After being convinced that his hospital bills were, in fact, covered, de Silvio withdrew his complaint.

Mrs. Eltonhead appeared at the Bordentown relief office with a lawyer representing the state and demanded her benefits. The mayor offered her a $300-a-month job (at the minimum hourly wage) washing and sanding chairs in the community center. She accepted.

With its case now seriously undermined, the state tried to have the original court order made permanent. It lost; but Bordentown was required to accept certain guidelines, which the town approved.

The obvious question to an outsider is: Can one really cut a relief roll by 90 percent and not have people hurt?

During my investigation in Bordentown, I found no evidence of anyone having suffered because of Malone's no-work/no-pay policy for able-bodied welfare applicants.

Says former relief recipient Carl Reeder. "I never liked the idea of a handout, and the work I was given led to a permanent job."

Relief applications for people unable to work number only one or two per month, and the town's total welfare costs are holding at approximately $240 monthly, compared with $2,503 before the crackdown.

Malone argues that the Bordentown system is actually more humane than state- or federally-run programs because "it's closer to the people than a bunch of far-off bureaucrats." Unhampered by red tape, it can be fast and flexible in an emergency. When a fire left Alice West and her children homeless, for example, they were ineligible for welfare aid because she had a job. But town officials found an apartment for the family, collected clothing and furniture, and paid the first month's rent.

Bordentown's battle against the bureaucracy paved the way for a new state law that allows other New Jersey municipalities to act on their own and assign work in return for welfare money.

"Any town can do what we did," says Joe Malone, whose program for trimming welfare costs flexibly and humanely has clearly struck a national nerve. If other communities around the country followed Bordentown's lead, state and federal tax savings would be enormous.

NATIONAL ASSOCIATION OF COUNTIES,
Washington, D.C., March 16, 1983.

Hon. JESSE HELMS,
Chairman, Senate Agriculture Committee,
U.S. Senate, Washington, D.C.

DEAR SENATOR HELMS: With reference to hearings held by your committee on March 16, on the issue of workfare programs, I wish to submit for the record the views of the National Association of Counties.

County officials, through the American County Platform, support provision of work instead of welfare for all able-bodied recipients. We supported the implementing of pilot workfare programs in the food stamp program, and the options for states to experiment with work programs in AFDC.

We believe that the incentives inherent in permission to operate work programs are sufficient for states and counties to develop approaches that can be accommodated within their resources and with the limited federal matching funds available.

Given the cost of developing and monitoring work programs, and the current high unemployment rates, NACo opposes a federal mandate to develop and operate workfare programs. Instead, we encourage you to maintain the authority for flexible, optional work programs and requirements that can be tailored to the needs of local jurisdictions.

A resolution reaffirming NACo's position was adopted at our recent Legislative Conference. A copy is enclosed for your reference.

Please contact me or John Smith of my staff if you have questions.

Sincerely yours,

PAT JOHNSON CRAIG,
Director, Human Resources.

Enclosure.

RESOLUTION ON FISCAL 1984 WIN AND WORKFARE PROPOSALS

Whereas, the National Association of Counties, through its American County Platform, supports work instead of welfare for able-bodied persons;

Whereas, many states and counties are already operating work programs specifically adapted to local needs, operational structures, and budget capabilities;

Whereas, the Work Incentive program (WIN) is the only federal funding source designated for training, child care, and support services to assist AFDC recipients in becoming self supporting;

Whereas, the "American County Platform" calls for full federal responsibility for costs of any mandated programs or services; and

Whereas, the administration proposes to mandate workfare programs for the states and counties for AFDC and food stamp recipients, and to eliminate federal funding for the WIN program,

Therefore, be it *Resolved,* That the National Association of Counties reaffirms its support for incentives to create optional work program, and opposes any federal mandate to do so, which would shift unreimbursed costs to county governments administering welfare programs, and

Be it further resolved, That the National Association of Counties supports retention of WIN funding in order to further the goals of helping Welfare recipients move toward self sufficiency.

Adopted by the National Association of County Human Services Administrators (NACHSA), February 27, 1983, and

Adopted by the National Association of Counties Human Services Steering Committee, February 27, 1983.

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